



26 July 2018

KAZ MINERALS GROUP PRODUCTION REPORT FOR SIX MONTHS AND THE SECOND QUARTER ENDED 30 JUNE 2018

- H1 2018 copper production¹ increased 18% to 139.6 kt (H1 2017: 118.0 kt)
- Aktogay sulphide concentrator achieves design throughput capacity
- Operations on track to achieve 2018 production guidance for all metals
- **Bozshakol H1 copper production² 49.8 kt (H1 2017: 52.0 kt)**
 - Average sulphide copper grade of 0.46% in Q2 (Q1 2018: 0.52%), in line with mine plan
 - Clay plant achieved 95% of design throughput capacity in Q2 (Q1 2018: 65%)
 - Strong H1 gold production² of 62.3 koz (H1 2017: 62.9 koz)
- **Aktogay H1 copper production¹ increases 83% to 60.5 kt (H1 2017: 33.0 kt)**
 - Sulphide concentrator averaged 89% of design throughput capacity in Q2 compared to 66% in Q1, including a sustained period operating at 100% of design throughput capacity
 - Cathode production from oxide ore of 11.5 kt in H1 (H1 2017: 10.4 kt)
- **East Region and Bozymchak H1 copper production² of 29.3 kt (H1 2017: 33.0 kt)**
 - Planned idling of Nikolayevsky concentrator reduced processing volumes in H1
 - H1 gold² (27.2 koz) and silver production² (1,082 koz) represent good progress towards full year production targets
 - Zinc in concentrate production of 24.9 kt in H1 (H1 2017: 32.3 kt), due to concentrator idling and extraction from lower grade sections

Group production summary ³		6m		Q2	Q1	Q2
		2018	2017	2018	2018	2017
Copper production ¹	kt	139.6	118.0	72.3	67.3	65.9
Bozshakol	kt	49.8	52.0	22.9	26.9	29.1
Aktogay	kt	60.5	33.0	34.1	26.4	21.1
East Region & Bozymchak	kt	29.3	33.0	15.3	14.0	15.7
Zinc in concentrate	kt	24.9	32.3	10.7	14.2	16.8
Gold production ²	koz	89.8	93.0	39.9	49.9	50.4
Silver production ²	koz	1,637	1,756	785	852	961

¹ Payable metal in concentrate and copper cathode from Aktogay oxide ore.

² Payable metal in concentrate.

³ See appendix for metal production by asset.

Andrew Southam, Chief Executive Officer, said: "In the first half of 2018 the Group delivered a strong operational performance, with the Aktogay sulphide concentrator achieving design throughput capacity for a sustained period. Higher throughput at Aktogay was the main driver of an 18% increase in copper production compared to the first half of 2017. The Group is on track to achieve its copper output target of 270-300 kt and by-product guidance in 2018."

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NOTES TO EDITORS

KAZ Minerals PLC (“KAZ Minerals” or “the Group”) is a high growth copper company focused on large scale, low cost, open pit mining in Kazakhstan. It operates the Bozshakol and Aktogay open pit copper mines in the Pavlodar and East Region of Kazakhstan, three underground mines and associated concentrators in the East Region of Kazakhstan and the Bozymchak copper-gold mine in Kyrgyzstan. In 2017, total copper production was 259 kt with by-products of 58 kt of zinc in concentrate, 179 koz of gold and 3,506 koz of silver.

The Group’s new operations at Bozshakol and Aktogay have delivered one of the highest growth rates in the industry and transformed KAZ Minerals into a company dominated by world class, open pit copper mines.

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 39 years at an average copper grade of 0.35%. The mine and processing facilities will produce an average of 100 kt of copper cathode equivalent and 120 koz of gold in concentrate per year over the first 10 years of operations.

Aktogay is a large scale, open pit mine similar to Bozshakol, with a remaining mine life of 28 years at an average copper grade of 0.36% (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 will 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 will produce an average of 90 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 will be in the region of 20 kt per annum until 2025.

KAZ Minerals is listed on the London Stock Exchange, the Kazakhstan Stock Exchange and the Hong Kong Stock Exchange and employs around 13,000 people, principally in Kazakhstan.

This announcement contains inside information.

		6m 2018	6m 2017	Q2 2018	Q1 2018	Q2 2017
Ore extraction	kt	15,506	19,426	7,370	8,136	9,522
Sulphide	kt	11,270	9,033	5,389	5,881	4,778
Clay	kt	4,236	10,393	1,981	2,255	4,744
Ore processed	kt	13,430	11,690	6,756	6,674	6,630
Copper						
Average copper grade processed	%	0.49	0.56	0.46	0.52	0.56
Copper recovery rate	%	79.5	83.0	77.4	81.4	82.4
Copper in concentrate	kt	52.1	54.4	23.9	28.2	30.4
Copper production¹	kt	49.8	52.0	22.9	26.9	29.1
Gold						
Average gold grade processed	g/t	0.26	0.31	0.23	0.29	0.29
Gold recovery rate	%	59.5	58.5	55.8	62.5	59.3
Gold in concentrate	koz	66.7	67.2	28.2	38.5	36.7
Gold production¹	koz	62.3	62.9	26.3	36.0	34.4
Silver production¹	koz	340	361	157	183	200

¹ Payable metal in concentrate.

Ore extraction of 15,506 kt was 20% lower compared to the 19,426 kt mined in H1 2017, when higher volumes of clay ore were extracted to expose sulphide ore. Sulphide ore extraction increased by 25% over the same period to 11,270 kt (H1 2017: 9,033 kt) to support the higher processing volumes.

In Q2, ore extraction decreased by 9% to 7,370 kt (Q1 2018: 8,136 kt), in line with the reduced requirement of the main sulphide concentrator which underwent a planned shutdown for mill relining and other maintenance and as the stripping of clay ore reduced.

Ore processed increased by 15% to 13,430 kt in H1 2018 compared to 11,690 kt in the prior year comparative period, reflecting the ramp up of both the main sulphide concentrator and the clay plant.

Ore processing volumes in Q2 were in line with the previous quarter as higher throughput at the clay plant offset reduced throughput at the sulphide plant of 89% (Q1 2018: 95%), due to the mill relining. The clay plant ramped up successfully to achieve 95% of design throughput capacity over the quarter (Q1 2018: 65%) following an extended shutdown for maintenance and upgrades in Q1 2018.

The average grade of copper processed during H1 2018 reduced to 0.49% from 0.56% in H1 2017, in line with the mine plan. The expected average grade of sulphide ore to be processed in 2018 remains in the region of 0.44%, as previously guided, with the mining of certain lower grade sulphide zones planned for the second half of the year.

Copper production was 4% lower in H1 2018 compared to the prior year comparative period, mainly due to the expected reduction in processing grades. Copper production of 22.9 kt in Q2 2018 was 15% lower than the previous quarter (Q1 2018: 26.9 kt) due to the combination of a lower average copper grade, reduced throughput at the sulphide plant due to the planned mill relining and a lower overall recovery rate as a larger proportion of clay material was processed.

BOZSHAKOL (CONTINUED)

Gold production in H1 of 62.3 koz was in line with the 62.9 koz produced in the prior year comparative period, as an increase in processing volumes offset a lower gold grade of 0.26 g/t (H1 2017: 0.31 g/t). Gold production in Q2 of 26.3 koz was 27% lower than the previous quarter due to a lower average grade processed and a reduction in the average gold recovery rate.

Silver production of 340 koz was 6% lower than H1 2017 with grades reducing from 1.58 g/t to 1.33 g/t.

A small quantity of molybdenum concentrate was produced during the quarter and samples were sent to potential customers for evaluation.

With copper production of 50 kt delivered in the first half of the year, Bozshakol is on track to achieve full year guidance of 95-105 kt, as higher throughput in the second half is expected to be offset by lower grades. Gold and silver production is on track to achieve guidance of 115-125 koz and c.500 koz respectively.

		6m 2018	6m 2017	Q2 2018	Q1 2018	Q2 2017
Ore extraction	kt	19,125	13,022	10,651	8,474	7,003
Oxide	kt	8,835	8,297	4,476	4,359	4,084
Sulphide	kt	10,290	4,725	6,175	4,115	2,919
Oxide						
Oxide ore to leach pads	kt	8,835	8,297	4,476	4,359	4,084
Grade	%	0.31	0.42	0.31	0.30	0.39
Copper cathode	kt	11.5	10.4	6.2	5.3	5.7
Sulphide						
Sulphide ore processed	kt	9,585	4,574	5,526	4,059	2,937
Average grade processed	%	0.62	0.75	0.62	0.62	0.72
Recovery rate	%	86.4	69.3	85.4	87.6	76.5
Copper in concentrate	kt	51.3	23.7	29.2	22.1	16.2
Copper production¹	kt	49.0	22.6	27.9	21.1	15.4
Total copper production	kt	60.5	33.0	34.1	26.4	21.1
Gold production ^{1, 2}	koz	0.3	0.4	-	0.3	0.3
Silver production ^{1, 2}	koz	215	113	120	95	75

¹ Payable metal in concentrate.

² Minimal volume recovered from Aktogay material.

Ore extraction of 19,125 kt in H1 was 47% higher than in the first half of 2017 as additional sulphide ore was extracted to feed the ramp up of the concentrator. Oxide ore extraction was 6% higher than the prior year comparative period, with the leaching operations and SX/EW processing facilities operating at full capacity. Ore extraction also increased by 26% from Q1 to Q2 2018, as throughput at the sulphide concentrator rose.

The average copper grade processed in the sulphide concentrator reduced to 0.62% in H1 2018 from 0.75% in the prior year comparative period but remained significantly above the reserve grade of 0.33% due to the continued processing of supergene enriched ore. The sulphide copper grade was stable in Q2 compared to the previous quarter, at 0.62%.

Copper production from the sulphide plant in H1 2018 increased by 117% to 49.0 kt due to a 110% increase in processing volumes, supported by high grades and recoveries. The plant achieved a significant ramp up milestone in the quarter, sustaining 100% of design throughput for a month and averaging 89% of design throughput over Q2 (Q1 2018: 66%).

Copper cathode production from oxide ore of 11.5 kt in H1 2018 was 11% higher than the prior year comparative period as the SX/EW plant is now at full capacity. Cathode output increased to 6.2 kt in Q2 (Q1 2018: 5.3 kt) due to seasonally higher temperatures.

Total copper production in H1 2018 from Aktogay of 61 kt represents strong progress towards the full year guidance range of 110-130 kt. Higher average ore throughput levels at the sulphide concentrator in the second half of the year are expected to offset a reduction in average copper grade.

EAST REGION & BOZYMCHAK

		6m 2018	6m 2017	Q2 2018	Q1 2018	Q2 2017
Ore extraction	kt	1,954	1,973	995	959	1,012
Ore processed	kt	1,886	1,965	952	934	962
Copper						
Average grade processed	%	1.84	1.97	1.90	1.79	1.93
Orlovsky concentrator	%	3.21	3.72	3.25	3.17	3.57
Nikolayevsky concentrator	%	1.53	1.50	1.67	1.35	1.47
Belousovsky concentrator	%	1.49	1.56	1.49	1.50	1.62
Bozymchak concentrator	%	0.86	0.90	0.86	0.86	0.89
Average recovery rate	%	89.1	90.2	89.6	88.5	89.2
East Region	%	89.1	90.3	89.8	88.3	89.3
Bozymchak	%	89.0	89.1	88.1	89.9	88.6
Copper in concentrate	kt	31.0	34.9	16.3	14.7	16.6
Orlovsky concentrator	kt	16.0	18.5	8.1	7.9	8.7
Nikolayevsky concentrator	kt	7.7	8.0	4.9	2.8	3.6
Belousovsky concentrator	kt	3.4	4.4	1.3	2.1	2.3
Bozymchak concentrator	kt	3.9	4.0	2.0	1.9	2.0
Copper production¹	kt	29.3	33.0	15.3	14.0	15.7
East Region	kt	25.6	29.2	13.4	12.2	13.8
Bozymchak	kt	3.7	3.8	1.9	1.8	1.9
Zinc in concentrate	kt	24.9	32.3	10.7	14.2	16.8
Gold production ¹	koz	27.2	29.7	13.6	13.6	15.7
Silver production ¹	koz	1,082	1,282	508	574	686

¹ Payable metal in concentrate.

Ore extraction volumes in the East Region and Bozymchak in H1 2018 were in line with the prior year comparative period. Processing volumes in H1 2018 were 4% below H1 2017 mainly due to the periodic idling of the Nikolayevsky concentrator, as ore was temporarily stockpiled to enable the concentrator to operate more efficiently with a higher throughput. In Q2, processing volumes were broadly consistent with the previous quarter at 952 kt (Q1 2018: 934 kt), as a second idling period originally planned for July was brought forward to June.

The average copper grade processed reduced from 1.97% in H1 2017 to 1.84% in H1 2018, mainly due to lower grades at Orlovsky. The copper grade improved to 1.90% in Q2 2018 from 1.79% reported in the previous quarter, due to higher grades processed at the Nikolayevsky concentrator.

Copper production reduced by 11% to 29.3 kt in H1 2018 compared to H1 2017, due to lower grades at Orlovsky and reduced processing volumes. Copper output increased in Q2 compared to the previous quarter, to 15.3 kt (Q1 2018: 14.0 kt), mainly reflecting the higher copper grade processed at Nikolayevsky. The Bozymchak mine in Kyrgyzstan continued to operate at its full design capacity and contributed 3.7 kt of copper production in H1 2018, in line with the prior year comparative period. With increased processing volumes expected in the second half of the year, the East Region and Bozymchak remains on track to achieve its full year copper production guidance of around 65 kt.

Gold production in the East Region and Bozymchak in H1 was 8% below the prior year comparative period mainly due to the 4% reduction in processing volumes and a reduction in the average gold grade processed of 4%. Gold production in Q2 of 13.6 koz was in line with Q1.

EAST REGION & BOZYMCHAK (CONTINUED)

H1 gold production of 27.2 koz (H1 2017: 29.7 koz) represents good progress towards the full year guidance of 45-50 koz.

Silver production reduced by 16% in H1 2018 compared to H1 2017 driven by lower processing volumes, grades and recoveries. Silver production in Q2 was 11% lower than Q1 2018 as a 2% increase in processing volumes was more than offset by lower grades and recoveries. Silver production of 1,082 koz (H1 2017: 1,282 koz) is on track to achieve the full year guidance target of around 2,000 koz.

Zinc in concentrate output was 23% lower in H1 2018 compared to H1 2017 driven by a 5% reduction in the processing of zinc bearing ore at the East Region concentrators and 14% lower average zinc grades, at 2.63% (H1 2017: 3.07%). In Q2, ore processing volumes in the East Region were 2% higher than Q1 2018 but grades were 22% lower at 2.30%. Zinc grades in the East Region continue to be variable, in particular at Artemyevsky, where the zinc grade was limited to 0.25% in Q2 2018 as mining moves through the transition zone between ore bodies.

Higher grades and increased throughput at the Nikolayevsky concentrator in the second half of the year are expected to raise zinc in concentrate production and the Group remains on track to achieve the full year guidance of around 60 kt.

APPENDIX – METAL PRODUCTION

		6m 2018	6m 2017	Q2 2018	Q1 2018	Q2 2017
Copper production¹	kt	139.6	118.0	72.3	67.3	65.9
Bozshakol	kt	49.8	52.0	22.9	26.9	29.1
Aktogay	kt	60.5	33.0	34.1	26.4	21.1
East Region	kt	25.6	29.2	13.4	12.2	13.8
Bozymchak	kt	3.7	3.8	1.9	1.8	1.9
Zinc in concentrate	kt	24.9	32.3	10.7	14.2	16.8
East Region	kt	24.9	32.3	10.7	14.2	16.8
Gold production²	koz	89.8	93.0	39.9	49.9	50.4
Bozshakol	koz	62.3	62.9	26.3	36.0	34.4
Aktogay	koz	0.3	0.4	-	0.3	0.3
East Region	koz	7.1	8.8	3.3	3.8	4.9
Bozymchak	koz	20.1	20.9	10.3	9.8	10.8
Silver production²	koz	1,637	1,756	785	852	961
Bozshakol	koz	340	361	157	183	200
Aktogay	koz	215	113	120	95	75
East Region	koz	963	1,153	447	516	621
Bozymchak	koz	119	129	61	58	65

¹ Payable metal in concentrate and copper cathode from Aktogay oxide ore.

² Payable metal in concentrate.

TOLL PROCESSING & FINISHED METALS

		6m 2018	6m 2017	Q2 2018	Q1 2018	Q2 2017
Copper cathodes	kt	51.6	54.4	26.0	25.6	28.8
Bozshakol (toll processed)	kt	5.6	4.6	2.9	2.7	3.7
Aktogay sulphide (toll processed)	kt	3.3	4.1	0.4	2.9	3.6
Aktogay oxide	kt	11.5	10.4	6.2	5.3	5.7
East Region (toll processed)	kt	27.4	31.2	14.8	12.6	14.0
Bozymchak (toll processed)	kt	3.8	4.1	1.7	2.1	1.8
Gold bar produced (toll processed)	koz	32.8	28.6	16.8	16.0	13.6
Silver bar produced (toll processed)	koz	1,367	1,370	715	652	585

APPENDIX – EAST REGION & BOZYMCHAK

		6m 2018	6m 2017	Q2 2018	Q1 2018	Q2 2017
Ore extraction	kt	1,954	1,973	995	959	1,012
Orlovsky	kt	559	545	280	279	270
Artemyevsky	kt	608	645	307	301	351
Irtysky	kt	320	313	162	158	156
Bozymchak	kt	467	470	246	221	235
Ore processed	kt	1,886	1,965	952	934	962
Orlovsky concentrator	kt	559	546	281	278	270
Nikolayevsky concentrator	kt	563	594	314	249	275
Belousovsky concentrator	kt	259	317	101	158	162
Bozymchak concentrator	kt	505	508	256	249	255
Zinc						
Average grade processed	%	2.63	3.07	2.30	2.95	3.27
Orlovsky concentrator	%	3.75	3.88	3.70	3.81	3.76
Nikolayevsky concentrator	%	0.93	2.11	0.50	1.47	2.48
Belousovsky concentrator	%	3.87	3.50	4.04	3.77	3.80
Average recovery rate	%	68.5	72.2	66.6	70.1	72.7
Orlovsky concentrator	%	67.7	70.9	65.8	69.7	69.0
Nikolayevsky concentrator	%	59.7	76.3	47.0	65.2	80.6
Belousovsky concentrator	%	74.8	70.2	76.3	73.8	69.9
Zinc in concentrate	kt	24.9	32.3	10.7	14.2	16.8
Orlovsky concentrator	kt	14.2	15.0	6.8	7.4	7.0
Nikolayevsky concentrator	kt	3.2	9.5	0.8	2.4	5.5
Belousovsky concentrator	kt	7.5	7.8	3.1	4.4	4.3
Gold						
Average grade processed	g/t	0.79	0.82	0.78	0.80	0.87
East Region	g/t	0.52	0.53	0.50	0.53	0.57
Bozymchak	g/t	1.54	1.66	1.55	1.53	1.69
Average recovery rate	%	60.5	60.8	60.7	60.2	62.3
East Region	%	32.9	37.4	31.8	34.0	40.1
Bozymchak	%	85.7	82.3	85.9	85.5	83.1
Gold in concentrate	koz	28.9	31.6	14.4	14.5	16.7
East Region	koz	7.5	9.3	3.5	4.0	5.2
Bozymchak	koz	21.4	22.3	10.9	10.5	11.5
Gold production¹	koz	27.2	29.7	13.6	13.6	15.7
East Region	koz	7.1	8.8	3.3	3.8	4.9
Bozymchak	koz	20.1	20.9	10.3	9.8	10.8
Silver						
Average grade processed	g/t	34.9	35.9	34.3	35.5	40.3
East Region	g/t	43.9	44.4	43.1	44.7	50.6
Bozymchak	g/t	10.3	11.5	10.5	10.2	11.8
Average recovery rate	%	56.1	62.2	53.0	59.2	60.5
East Region	%	54.2	60.9	50.8	57.6	59.3
Bozymchak	%	78.3	75.7	77.9	78.7	75.0
Silver in concentrate	koz	1,189	1,409	558	631	754
East Region	koz	1,058	1,267	491	567	682
Bozymchak	koz	131	142	67	64	72
Silver production¹	koz	1,082	1,282	508	574	686
East Region	koz	963	1,153	447	516	621
Bozymchak	koz	119	129	61	58	65

¹ Payable metal in concentrate.