KAZAKHMYS PLC

6TH FLOOR
CARDINAL PLACE
100 VICTORIA STREET
LONDON SW1E 5JL
Tel: +44 (0) 20 7901 7800

Company registered in England and Wales
Company Number: 5180783

27 October 2011

Kazakhmys PLC Production Report for the Third Quarter Ended 30 September 2011 and Interim Management Statement

- **Copper cathode production from own concentrate of 227 kt**
  - In line with annual target of 300 kt
  - Output and grades likely to remain at current levels for remainder of 2011

- **By-product output on track to meet full year targets in all metals**
  - Zinc in concentrate production of 114 kt
  - Gold and silver production of 111 koz and 9.9 moz respectively
  - Precious metal sales disrupted by Government restriction on exports during the quarter

- **Kazakhmys Power**
  - Continued strong performance
  - 20% increase in Ekibastuz GRES-1 power generation and average realised tariff

- **Maintaining strong financial position**
  - Average realised copper price of $9,261 per tonne for first 9 months of 2011
  - Balance sheet in net funds position, $36 million, for first time since early 2008
  - Buy-back underway with 1,658,976 shares purchased to date at a cost of $23 million

Oleg Novachuk, Chief Executive Officer, said: “Our mining and power operations continue to perform in line with expectations and we anticipate once again meeting all of our production targets. In spite of the considerable volatility in financial markets, we have seen consistent demand for our copper. Continuing demand for copper is reflected in the current negotiations for our 2012 off-take agreements, which as in previous years should be completed in the next few months. Our growth projects and efficiency programmes also continue to show good progress and we approach 2012 with optimism.”

For further information please contact:

Kazakhmys PLC		
John Smelt	Head of Corporate Communications	**Tel: +44 20 7901 7882**
		Tel: +44 78 7964 2675
Irina Tretyakova	Financial Analyst	**Tel: +44 20 7901 7814**
Maksut Zhapabayev	Head of Corporate Comm's Almaty	**Tel: +77 27 3304 556**
Merlin		
David Simonson		**Tel: +44 20 7726 8400**
Ian Middleton		**Tel: +44 20 7726 8400**
Maria Babkina		**Tel: +44 20 7726 8400**

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

CHANGES TO THE PRODUCTION REPORT

In the 2011 Half Year Production Report, published on 28 July 2011, the presentation of information in the production reports changed from previous quarters, reflecting the ongoing Group restructuring and optimisation programme. There is now a single Mining Division, which contains the assets formerly divided between Kazakhmys Copper and the Kazakhmys Gold. The new Mining Division consists of 3 geographic regions: Zhezkazgan, East and Central. Central Region was formed from the merger of Balkhash Complex and Karaganda Region.

The captive power facilities no longer form part of the Copper business and are managed by a single management team along with Ekibastuz GRES-1. All of the power facilities are reported together within the Power Division.

The two smelting and refining units at Zhezkazgan and Balkhash are no longer part of the regional mining structure, but are managed as part of a single metallurgical department within the Mining Division and are reported together.

NOTES TO EDITORS

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

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

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

Kazakhmys Power has a 50% interest in the coal fired Ekibastuz GRES-1 plant, the largest in Kazakhstan with a nameplate capacity of 4,000 MW. Kazakhmys Power also operates the captive coal mines and power stations which supply power to the Mining Division.

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

Group employs some 61,000 people, principally in Kazakhstan. The Group's strategic aim is to optimise its current operations, deliver its major growth projects and to diversify and participate in the development of the significant natural resource opportunities in Central Asia.

Copper Summary

KAZAKHMYS MINING PRODUCTION

		9m 2011	9m 2010	Q3 2011	Q2 2011	Q3 2010
Ore extraction	‘000 t	25,003	24,806	8,466	8,642	8,570
Average copper grade	%	1.01	1.10	1.00	1.03	1.02
Copper in concentrate	‘000 t	231.2	254.9	77.9	81.3	84.3
own concentrate	‘000 t	229.9	251.9	77.1	80.9	82.5
purchased concentrate	‘000 t	1.3	3.0	0.8	0.4	1.8
Copper cathode equivalent production [1]	‘000 t	227.0	241.6	73.9	78.9	76.5
own concentrate	‘000 t	226.9	238.9	73.9	78.9	74.6
purchased concentrate	‘000 t	0.1	2.7	-	-	1.9
Copper rod	‘000 t	24.0	26.9	8.1	7.0	9.1

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

Ore extraction of 25,003 kt in the first 9 months of 2011 was in line with the same period in 2010. Ore output declined slightly across all regions in Q3 2011 and was just 2% below Q2 2011.

The average copper grade over the first 9 months of 2011 was 1.01%, in line with earlier guidance, compared to 1.10% in the same period of 2010. The main factor was the declining copper grade at the mature mines in the Zhezkazgan Region. Central Region also saw a decline in grade, due to a combination of operations moving to less mineral rich areas and natural depletion. The average copper grade is likely to remain at around 1.00% for the rest of 2011.

The combination of stable ore output and lower grades in the first 9 months of 2011 against the comparative period, led to a 7% reduction in metal in ore mined. The lower level of metal in ore mined is reflected in the production of copper in own concentrate of 229.9 kt. Production of copper in concentrate during the first 9 months of 2011, and the comparative period, benefited from the reprocessing of waste material from the Balkhash furnaces and converters. Waste material will continue to be available for reprocessing throughout 2012.

Own copper in concentrate production in Q3 2011 decreased by 5% to 77.1 kt, compared to Q2 2011, due to the lower level of metal in ore mined during the quarter.

Balkhash smelter and refinery continues to produce around two thirds of the Group’s finished copper cathode, with the Zhezkazgan smelter and refinery producing the balance. Some concentrate is transferred from the Zhezkazgan region to the Balkhash smelter for processing. The Balkhash smelter also processes all concentrate from the Central and East Regions.

Copper cathode equivalent production from own concentrate in the first 9 months of 2011 was 226.9 kt, 5% below the corresponding period reflecting the lower concentrate production but partially offset by a release of work in progress carried over from 2010. The production of 73.9 kt of copper cathode equivalent in Q3 2011 was 6% below the previous quarter,

reflecting the 5% decrease in own copper in concentrate production. The Group remains on track to meet its 2011 production target of 300 kt of copper cathode equivalent.

Copper rod is produced under annual contracts for sale to China and output for the full year is expected to be broadly in line with 2010.

Other Metals Summary

KAZAKHMYS MINING PRODUCTION

		9m 2011	9m 2010	Q3 2011	Q2 2011	Q3 2010
Zinc in concentrate	‘000 t	113.7	126.2	38.1	39.4	45.3
Average zinc grade	%	3.98	4.57	3.82	3.93	4.58
Silver[1]	‘000 oz	9,864	10,305	3,091	4,436	3,591
Own production (by-product)[2]	‘000 oz	9,846	10,282	3,084	4,430	3,585
Average silver grade	g/tonne	17.85	20.06	17.18	17.16	20.05
Gold	‘000 oz	110.6	127.6	40.7	46.2	49.0
Own production (by-product)[2]	‘000 oz	85.3	97.4	29.4	36.6	35.0
Average grade	g/tonne	0.67	0.76	0.60	0.71	0.72
Doré production (primary)	‘000 oz	25.3	30.2	11.3	9.6	14.0
Average grade	g/tonne	1.26	1.24	1.24	1.28	1.27

[1] Includes a small volume of by-product production from the former Kazakhmys Gold mines: Central Mukur and Mizek.
[2] Includes slimes from purchased concentrate.

Zinc (by-product)
Zinc in concentrate production during the first 9 months of 2011 decreased by 10% from the comparative period in 2010, reflecting the lower level of metal in ore mined due to lower grades.

In Q3 2011 the production of zinc in concentrate was 3% lower compared to the previous quarter, as a reduction in grade was partially offset by higher ore volumes processed.

Silver (by-product)
Own production of silver during the first 9 months of 2011 was 9,846 koz, a reduction of 4% from the corresponding period in 2010. Lower grades led to a 10% reduction in the overall volume of silver in mined ore, but the lower volume was mostly offset by the reprocessing of waste material.

Gold (by-product)
Gold in ore mined declined by 10% in the first 9 months of 2011, compared to the same period of 2010, due to lower grades at Artemyevsky mine and lower output at Abyz mine. The production of gold in concentrate, however, increased by 4% benefiting from the processing of stockpiled ore.

Gold output was 12% lower in the first 9 months of 2011, at 85.3 koz, as the comparative period saw the re-processing of gold rich waste material.

Gold and silver production in Q3 2011 was significantly below Q2 2011 as the precious metals refinery at Balkhash underwent repair work at the beginning of 2011, and output in Q2 2011 was temporarily lifted by the processing of material stockpiled during the repair work.

KAZAKHMYS MINING PRODUCTION (CONTINUED)

Gold (primary production)

Gold (primary production) relates to the output from mines previously included within Kazakhmys Gold.

Output decreased by 16% during the first 9 months of 2011, compared to the corresponding period in 2010, following the cessation of mining works at Mizek in November 2010, although the processing of previously extracted ore has continued. The processing of material from Mukur mine has decreased, as the mine has moved towards the end of its operational life.

The increase in gold output in Q3 2011, compared to the previous quarter, was due to the warmer weather as the heap leaching method used increases with a higher ambient temperature.

ZHEZKAZGAN REGION

		9m 2011	9m 2010	Q3 2011	Q2 2011	Q3 2010
Ore extraction	'000 t	17,404	17,378	5,801	5,926	6,078
Average copper grade	%	0.73	0.82	0.70	0.76	0.76
Copper concentrate	'000 t	302.5	345.6	95.9	106.3	112.6
Copper in concentrate	'000 t	111.1	126.8	35.2	39.9	41.0

Ore extraction of 17,404 kt in the first 9 months of 2011 was in line with the comparative period in 2010. There was a 510 kt increase in output at North mine, which was undergoing stripping works in early 2010. This increase was largely offset by a lower output at Annensky mine, where operations moved to lower grade and more challenging areas, as the mine matures.

There was a 614 kt increase in output from West mine in the first 9 months of 2011 compared to the corresponding period, but this mirrored a reduction at East and South mines. As previously reported, West, East and South mines are closely linked and since West mine restarted operations in Q2 2010, activities have been transferred back from East and South mines so that the combined output from all three mines has been relatively consistent.

Ore extraction in Q3 2011 in the Zhezkazgan Region was 2% lower than Q2 2011, mainly due to a temporary increase in planned stripping work at North mine.

The average copper grade over the first 9 months of 2011 decreased to 0.73%, compared to 0.82% during the prior period. The reduction reflects the relatively mature stage of the mines at Zhezkazgan. The grade at Zhezkazgan should remain around this level for the rest of 2011.

The combination of lower grade and constant ore output has led to a 12% decrease in copper in concentrate production, at 111.1 kt during the first 9 months of 2011, compared to the prior period in 2010.

Copper in concentrate production in Q3 2011 decreased by 12% to 35.2 kt compared to the previous quarter, following lower grades and a reduction in ore output.

CENTRAL REGION

		9m 2011	9m 2010	Q3 2011	Q2 2011	Q3 2010
Ore extraction	‘000 t	4,078	3,997	1,448	1,483	1,355
Average copper grade	%	0.95	1.11	0.95	0.92	1.05
Copper concentrate	‘000 t	411.0	426.4	148.0	137.2	155.7
Copper in concentrate	‘000 t	46.4	52.9	16.9	15.9	18.8

Central Region is a combination of the assets previously included in the Karaganda Region and Balkhash Complex. The two areas were brought together in Q2 2011 as part of the ongoing Group restructuring and optimisation plan.

Ore extraction of 4,078 kt in the first 9 months of 2011 was 2% higher than the comparative period. The main increase was at Nurkazgan mine following work to improve the transportation of ore during 2011. Mining has also restarted at Akbastau, a mine suspended in 2008. The current work at Akbastau is largely preparatory, ahead of the project to develop a medium-sized open pit mine and adjoining concentrator. This improvement at Nurkazgan along with the recommencement at Akbastau more than offset the decrease in volumes of ore extraction at Abyz mine, due to higher volumes of stripping works, and Sayak mine which was affected by adverse weather conditions at the start of 2011.

Downtime of a conveyor due to technical reasons at Nurkazgan mine in Q3 2011 reduced output by 40kt compared to the previous quarter and there was a decline of 70 kt at Abyz following the increase in stripping works. These declines were, however, partially offset by increased output elsewhere in the Region.

The average copper grade in the first 9 months of 2011 decreased to 0.95% from 1.11% in the comparative period, due to reduced grades and higher output at the relatively low-grade Nurkazgan mine and a decline in grade at Sayak and Abyz mines, where operations moved to less mineral rich areas. The average grade in the Central Region for the rest of 2011 should be around 0.90%.

Lower grades combined with steady ore output during the first 9 months of 2011 led to a 12% decrease in metal in ore. This decrease is reflected in a 6.5 kt reduction in the production of copper in concentrate.

The production of copper in concentrate increased by 6% in Q3 2011 compared to the previous quarter with an increase in the processing of stockpiled ore.

EAST REGION

		9m 2011	9m 2010	Q3 2011	Q2 2011	Q3 2010
Ore extraction	‘000 t	3,521	3,431	1,217	1,234	1,137
Average copper grade	%	2.43	2.50	2.47	2.43	2.37
Copper concentrate[1]	‘000 t	353.2	350.9	119.2	121.6	107.1
Copper in concentrate[1]	‘000 t	66.1	64.7	22.6	23.1	19.7

[1]Excludes concentrate processed by third parties.

Ore extraction in the East Region during the first 9 months of 2011 increased by 3% to 3,521 kt compared to the same period in 2010. This improvement is due to a 125 kt increase in ore extraction at Irtyshsky mine, which benefited from an improved operational performance, and which more than offset the reduction in ore extraction at Artemyevsky mine at the start of 2011 due to cold weather.

The average copper grade in the first 9 months of 2011 was 2.43%, slightly below the 2.50% achieved in the comparative period. This reduction was due to the mining of lower grade ore at Yubileyno-Snegirikhinsky and Nikolayevsky mines, which was partly offset by increased grades at Artemyevsky mine as mining moved to sections with higher ore grades with the improved back fill works. The average grade for the East Region should be around 2.40% for the rest of the year.

Copper in concentrate production during the first 9 months of 2011 was 2% above the comparative period due to an increase in the processing of stockpiled ore and work in progress at the concentrators. Work is continuing at Nikolayevsky concentrator to improve the recovery rate and enable the plant to process higher quantities of complex polymetallic ore from Artemyevsky mine.

The slight decline in production of copper in concentrate in Q3 2011 compared to Q2 2011 was due to the lower volume of mined metal in ore.

KAZAKHMYS POWER PRODUCTION

		9m 2011	9m 2010	Q3 2011	Q2 2011	Q3 2010
Ekibastuz GRES-1						
Net power generated[1]	GWh	9,199	7,784	2,804	2,838	2,411
Net dependable capacity[2]	MW	2,189	2,153	2,157	2,185	2,128
Electricity tariff	KZT/kWh	5.40	4.51	5.48	5.34	4.40
Captive power stations						
Net power generated[1]	GWh	4,146	4,146	1,239	1,368	1,237
Net dependable capacity[2]	MW	860	869	873	864	883
Internal sales	GWh	2,401	2,622	769	760	774
External sales	GWh	1,745	1,524	470	608	463
Electricity tariff[3]	KZT/kWh	3.50	2.70	3.50	3.50	2.70

[1] Electricity generated and sold to customers less internal consumption and transformer losses in the power station.

[2] The net dependable capacity is the maximum capacity a unit can sustain over a specified period modified for seasonal limitations and reduced by the capacity required for station service and auxiliaries.

[3] External sales only.

Ekibastuz GRES-1

On 26 February 2010, the Group completed the disposal of 50% of Ekibastuz GRES-1 to Samruk with the Group retaining a 50% non controlling interest. The results shown above are for 100% of the business.

During the first 9 months of 2011 net power generated at Ekibastuz GRES-1 increased by 18%, to 9,199 GWh, compared to the corresponding period of 2010. The increase in output was assisted by 646 GWh of additional sales to Russia. In 2010, sales to Russia commenced only from June. Continued growth in demand from within Kazakhstan during the first 9 months of 2011 led to an increase in domestic sales of 769 GWh.

The domestic ceiling tariff set for 2011 by the Government of Kazakhstan is 5.60 KZT/kWh, compared to 4.68 KZT/kWh in 2010. The weighted average tariff for electricity sold by Ekibastuz GRES-1 in the first 9 months of 2011 was 5.40 KZT/kWh, an increase of 20% compared to the same period of 2010 and reflects the strong level of demand. The weighted average tariff is slightly below the ceiling tariff, as 12% of net electricity generated was sold to Russia at a lower tariff partly reflecting transmission costs.

Net dependable capacity achieved during the first 9 months of 2011 was 36 MW above the comparative period in 2010 due to the commissioning of an electrostatic precipitator at Unit 5 (25 MW) and the installation of more efficient equipment at the other 4 operational turbines.

In Q3 2011 net dependable capacity decreased in comparison to the previous quarter due to the seasonal impact of the increase in temperature of the circulation water.

KAZAKHMYS POWER PRODUCTION (CONTINUED)

Captive power stations

Net power generated at the captive power stations during the first 9 months of 2011 was in line with the corresponding period in 2010. In the first six months of the year, there was a decrease in the internal sales of power, matched by an increase in external sales. The East Region purchased a greater volume of its power from a nearby third party power station, saving external transmissions costs and allowing the captive power station at Karaganda to sell more power externally with a higher profitability. This change in sales balance is reflected in the nine month figures.

Power generation and total sales reduced by 9% in Q3 2011 compared to the previous quarter. The decline reflects seasonal changes in demand from external customers as internal sales of power have remained constant. The power stations undertake annual maintenance of their major equipment during Q2 and Q3, ahead of the winter season. The 2011 maintenance work is at the final stage and will be completed on schedule.

The weighted average tariff for electricity sold to external customers during the first 9 months of 2011 increased by 30% to 3.50 KZT/kWh compared to 2.70 KZT/kWh in the comparative period. This compares to a ceiling tariff for 2011 of 4.10 KZT/kWh set by the Government of Kazakhstan. The ceiling tariff for the captive power plants is lower than that set for Ekibastuz GRES-1 due to the smaller scale of their modernisation programmes.

Additional information on captive power stations

The captive power stations were previously part of Kazakhmys Copper, but as part of the Group's restructuring and optimisation programme, the captive power stations and Ekibastuz GRES-1 have been brought together under a single management team.

The captive power stations include three coal-fired power and heating plants at Karaganda, Balkhash and Zhezkazgan and a heating plant (heat generation only) in Satpayev. There are 18 turbines and 38 boilers in operation between the three power plants and the heating plant. The plants have a combined installed electricity generation capacity of 1,025 MW.

All three captive power stations utilise coal, supplied by the Group's Borly coal mine. In 2010 this coal mine produced approximately 8.1 Mt of coal, around 90% of which was used by the Group's captive power stations.

MATERIAL EVENTS AND TRANSACTIONS

There are no material events and transactions in the period covered by this Interim Management Statement that were not disclosed as post balance sheet events in the Group's 2011 Interim Report.

FINANCIAL PERFORMANCE

Sales volumes

The following table sets out the sales volumes of the major products produced by Kazakhmys Mining:

		9m 2011	9m 2010
Copper cathodes	‘000 t	196.1	222.8
Copper rod	‘000 t	20.6	26.6
Total copper products	**‘000 t**	**216.7**	**249.4**
Zinc in concentrate	‘000 t	111.9	117.6
Silver	‘000 oz	7,990	9,983
Gold[1]	‘000 oz	77.0	117.3

[1] Gold sales include volumes from by-products and gold doré from the Central Mukur and Mizek mines (previously included within Kazakhmys Gold)

Total copper product sales in the first 9 months of 2011 were 32.7 kt below the comparative period in 2010, as copper cathode equivalent production declined by 6% and as copper inventory increased by 9 kt compared to a 9 kt decrease in the prior year period.

Within copper products, rod sales declined compared to the first 9 months of 2010 partly due to the timing of processing cathodes into rod and also due to rods being in transit at the period end.

Zinc in concentrate sales volumes in the first 9 months of 2011 were 5% below the prior year period, with a 10% decline in zinc in concentrate production partially offset by a build-up of zinc in concentrate inventory during the prior year period.

Silver sales volumes declined by 20% compared to the first 9 months of 2010, principally due to an export restriction introduced on sales of precious metals by the Government of Kazakhstan in July 2011. The restriction was introduced while the National Bank of Kazakhstan considered purchasing precious metals to hold in reserve. The restriction on the export of silver was lifted in September 2011 and sales have since resumed.

Gold sales volumes declined by 34% compared to the first 9 months of 2010, again mainly due to the precious metals export restriction mentioned above. Sales of gold doré recommenced in August. Negotiations with the National Bank of Kazakhstan are continuing over the terms of sales of gold bar which should be based on prevailing market conditions. Sales are anticipated to recommence shortly once negotiations are complete.

FINANCIAL PERFORMANCE (CONTINUED)

Commodity prices

The following table sets out the average realised prices for the Group's major products:

		9m 2011	9m 2010
Copper	$/tonne	9,261	7,100
Silver	$/tr.oz	37.7	18.0
Gold	$/tr.oz	1,527	1,161
Electricity tariff Ekibastuz GRES-1	KZT/kWh	5.40	4.51
Domestic sales	KZT/kWh	5.52	4.55
Export sales	KZT/kWh	4.48	3.91

The following table sets out the average LME/LBMA prices:

		9m 2011	9m 2010
Copper	$/tonne	9,254	7,169
Zinc	$/tonne	2,289	2,106
Silver	$/tr.oz	36.2	18.1
Gold	$/tr.oz	1,534	1,178

Realised prices will differ from the average LME/LBMA prices during the same period, principally because of the timing of sales over the period not occurring evenly. Premiums or discounts to metal exchange prices, negotiated with customers, will also impact realised average prices. The average realised gold price has been impacted by the reduction in sales in Q3 2011, due to the restriction in sales mentioned above. The LME copper price began 2011 at $9,754 per tonne and ended the period on 30 September 2011 at $7,132 per tonne.

The weighted average realised tariff for Ekibastuz GRES-1 during the 9 months ended 30 September 2011 was 5.40 KZT/kWh, an increase of 20% compared to the prior period. The realised tariff on domestic sales of 5.52 KZT/kWh compares to a 2011 ceiling tariff for domestic electricity sales, set by the Government of Kazakhstan, of 5.60 KZT/KWh. In 2010, the ceiling tariff was 4.68 KZT/KWh. The export sales tariff for Russian sales has increased by 15% over the 3.91 KZT/KWh realised in the comparative 9 month period in 2010.

Commodity hedging

At 30 September 2011, there were no commodity hedges in place other than copper hedges at MKM in the normal course of its business.

Exchange rates and exchange rate hedging

The KZT/$ exchange rate at 30 September 2011 was KZT/$ 147.87 compared to KZT/$ 147.47 at 30 September 2010. The average KZT/$ exchange rate for the 9 months ended 30 September 2011 was KZT/$ 147.19 compared to KZT/$ 147.31 for the corresponding period.

In the quarter ended 31 March 2011 and in early April 2011, the Group entered into a series of forward foreign exchange transactions to purchase KZT against the USD with a value of $40 million per month from April through to December 2011. The forward transactions were executed at rates averaging between 144.65 and 145.44 on a monthly basis. The purpose of the forward contracts is to hedge the impact on KZT denominated operating costs from

possible appreciation of the Kazakh Tenge against the US dollar. As at 30 September 2011, the mark-to-market valuation of the open forward contracts was a loss of $3 million as the KZT has slightly depreciated against the USD since the time when the forward contracts were entered into. The Group will continue to review its exposures to currency movements in light of future market developments.

FINANCIAL POSITION

Except as described in this statement, there has been no significant change in the financial position of the Group since 30 June 2011.

Net funds/debt for continuing subsidiary businesses
At 30 September 2011, the Group's continuing subsidiary businesses were in a net funds position of $36 million compared to a net debt position of $36 million as at 30 June 2011. The improved financial position was mainly driven by strong operating cash flows resulting from high commodity prices during the first two months of the quarter, offset by increased capital expenditure on the Group's projects at Bozshakol and Bozymchak.

Gross debt was $1,726 million as at 30 September 2011, an increase of $68 million from the position at 30 June 2011, representing the continued monthly repayments of $44 million under the pre-export credit facility offset by the draw down of an additional $200 million under the China Development Bank/Samruk-Kazyna finance facility. Of the outstanding gross debt balance as at 30 September 2011, $985 million related to the China Development Bank/Samruk-Kazyna finance facility and $741 million related to the pre-export credit facility.

Total cash and cash equivalents for the Group were $1,762 million at 30 September 2011, compared with $1,622 million at 30 June 2011, reflecting the operating cash flows generated by the Group during the quarter and the additional $200 million drawn down under the China Development Bank/Samruk-Kazyna finance facility, which were partially offset by the principal repayments made under the pre-export credit facility of $132 million and capital expenditure incurred on the Group's projects.

Net debt for MKM
Net debt for the Group's discontinued subsidiary business, MKM, was $198 million at 30 September 2011, a $6 million increase from the $192 million at 30 June 2011. The slight increase in net debt is due to increased working capital requirements.

Net funds of Ekibastuz GRES-1
The net funds of the Group's subsidiaries exclude the net funds of the equity accounted joint venture investment in Ekibastuz GRES-1. Ekibastuz GRES-1's net funds, on a 100% basis, at 30 September 2011 were $77 million compared to $80 million as at 30 June 2011. The net funds are and will continue to be used to finance the power plant's rehabilitation programme.

Revolving credit facilities
On 30 September 2011, Kazakhmys signed an agreement to extend the existing $50 million revolving credit facility for an additional two years to September 2013. The facility remains undrawn.

Holding in ENRC PLC
The Group's holding of 334,824,860 shares in ENRC PLC had a market value of $3,016 million based on a share price of 576.5 pence on 30 September 2011, compared to a value of $4,191 million as at 30 June 2011 when the share price was 781.5 pence.

Following the 2011 interim dividend announced by ENRC PLC on 17 August 2011 of 16.0 US cents per share, the Group received $54 million in October 2011.

FINANCIAL POSITION (CONTINUED)

Interim dividend of the Company
Following the 2011 interim dividend announcement on 25 August 2011 of 8.0 US cents per share, the Group paid $43 million to its shareholders in early October 2011.

Share buy-back programme
On 25 August 2011 the Group announced a share buyback programme of up to $250 million subject to market conditions. The buy-back programme commenced on 27 September 2011 following receipt of regulatory and shareholder approval and by 26 October 2011, the Group had purchased 1,658,976 shares at a cost of $23 million. The bought back shares are held in treasury.

Kazakhmys Mining Production Appendix

COPPER MINING

Zhezkazgan Region		9m 2011	9m 2010	Q3 2011	Q2 2011	Q3 2010
North	ore ('000 t)	1,726	1,216	471	597	714
	grade (%)	0.72	0.80	0.72	0.71	0.85
East	ore ('000 t)	2,884	3,379	979	976	1,010
	grade (%)	0.57	0.67	0.56	0.58	0.64
South	ore ('000 t)	3,912	4,007	1,353	1,312	1,305
	grade (%)	0.57	0.61	0.55	0.56	0.55
West	ore ('000 t)	1,632	1,018	530	574	548
	grade (%)	0.50	0.54	0.48	0.54	0.53
Stepnoy	ore ('000 t)	2,468	2,501	855	853	818
	grade (%)	0.63	0.77	0.58	0.65	0.70
Annensky	ore ('000 t)	2,012	2,466	652	678	753
	grade (%)	0.57	0.70	0.55	0.69	0.63
Zhomart	ore ('000 t)	2,769	2,791	962	936	930
	grade (%)	1.48	1.54	1.40	1.57	1.41
Region total	ore ('000 t)	17,404	17,378	5,801	5,926	6,078
Region average	grade (%)	0.73	0.82	0.70	0.76	0.76

Central Region		9m 2011	9m 2010	Q3 2011	Q2 2011	Q3 2010
Nurkazgan West	ore ('000 t)	2,013	1,800	720	760	608
	grade (%)	0.70	0.82	0.72	0.71	0.76
Abyz	ore ('000 t)	360	431	99	169	141
	grade (%)	1.33	1.75	1.20	1.34	1.60
Akbastau	ore ('000 t)	54	-	54	-	-
	grade (%)	1.78	-	1.78	-	-
Sayak	ore ('000 t)	1,217	1,350	425	411	468
	grade (%)	0.74	0.95	0.72	0.71	0.89
Shatyrkul	ore ('000 t)	433	416	149	143	138
	grade (%)	2.21	2.24	2.20	2.15	2.26
Region total	ore ('000 t)	4,078	3,997	1,448	1,483	1,355
Region average	grade (%)	0.95	1.11	0.95	0.92	1.05

COPPER MINING (CONTINUED)

East Region		9m 2011	9m 2010	Q3 2011	Q2 2011	Q3 2010
Nikolayevsky	ore ('000 t)	446	423	150	159	170
	grade (%)	0.89	1.09	0.79	1.02	0.96
Artemyevsky	ore ('000 t)	978	1,075	356	342	361
	grade (%)	1.90	1.74	2.00	1.97	1.60
Irtyshsky	ore ('000 t)	434	309	136	155	81
	grade (%)	1.35	1.42	1.40	1.26	1.45
Belousovsky	ore ('000 t)	22	-	-	5	-
	grade (%)	1.02	-	-	0.85	-
Orlovsky	ore ('000 t)	1,167	1,162	395	394	363
	grade (%)	3.66	3.67	3.60	3.52	3.73
Yubileyno-Snegirikhinsky	ore ('000 t)	474	462	180	179	162
	grade (%)	3.02	3.35	3.13	3.20	3.00
Region total	ore ('000 t)	3,521	3,431	1,217	1,234	1,137
Region average	grade (%)	2.43	2.50	2.47	2.43	2.37
Total	**ore ('000 t)**	**25,003**	**24,806**	**8,466**	**8,642**	**8,570**
Average	**grade (%)**	**1.01**	**1.10**	**1.00**	**1.03**	**1.02**

COPPER PROCESSING

		9m 2011	9m 2010	Q3 2011	Q2 2011	Q3 2010
Zhezkazgan Region						
Copper concentrate	'000 t	302.5	345.6	95.9	106.3	112.6
Copper in concentrate	'000 t	111.1	126.8	35.2	39.9	41.0
Central Region						
Copper concentrate	'000 t	411.0	426.4	148.0	137.2	155.7
Copper in concentrate	'000 t	46.4	52.9	16.9	15.9	18.8
East Region						
Copper concentrate	'000 t	353.2	350.9	119.2	121.6	107.1
Copper in concentrate	'000 t	66.1	64.7	22.6	23.1	19.7
Total own processed						
Copper concentrate	'000 t	1,066.7	1,122.9	363.1	365.1	375.4
Copper in concentrate	'000 t	223.6	244.4	74.7	78.9	79.5
Own ore processed by third parties						
Copper concentrate	'000 t	23.6	28.8	8.8	7.6	11.8
Copper in concentrate	'000 t	6.3	7.5	2.4	2.0	3.0
Total own						
Copper concentrate	**'000 t**	**1,090.3**	**1,151.7**	**372.0**	**372.6**	**387.2**
Copper in concentrate	**'000 t**	**229.9**	**251.9**	**77.1**	**80.9**	**82.5**
Purchased concentrate						
Copper concentrate	'000 t	2.8	9.8	1.4	1.0	6.3
Copper in concentrate	'000 t	1.3	3.0	0.8	0.4	1.8
Total copper in concentrate	'000 t	231.2	254.9	77.9	81.3	84.3

COPPER SMELTER / REFINERY – COPPER CATHODE PRODUCTION

		9m 2011	9m 2010	Q3 2011	Q2 2011	Q3 2010
Zhezkazgan smelter						
Own concentrate	‘000 t	86.4	91.6	27.6	28.3	28.3
Purchased concentrate	‘000 t	-	-	-	-	-
Sub - total	‘000 t	86.4	91.6	27.6	28.3	28.3
Tolling	‘000 t	-	-	-	-	-
Total including tolling	‘000 t	86.4	91.6	27.6	28.3	28.3
Balkhash smelter						
Own concentrate	‘000 t	140.5	147.3	46.3	50.6	46.3
Purchased concentrate	‘000 t	0.1	2.7	-	-	1.9
Sub - total	‘000 t	140.6	150.0	46.3	50.6	48.2
Tolling	‘000 t	5.9	-	1.7	0.6	-
Total including tolling	‘000 t	146.4	150.0	47.9	51.2	48.2
Total	‘000 t	232.8	241.6	75.5	79.5	76.5
Total copper cathode production from own concentrate	**‘000 t**	**226.9**	**238.9**	**73.9**	**78.9**	**74.6**

OTHER METALS MINING – ZINC

ZINC		9m 2011	9m 2010	Q3 2011	Q2 2011	Q3 2010
East Region						
Nikolayevsky	grade (%)	3.79	3.64	4.10	3.76	3.20
Artemyevsky	grade (%)	6.04	6.46	6.05	5.44	6.80
Irtyshsky	grade (%)	2.93	3.20	2.96	2.85	3.10
Belousovsky	grade (%)	0.32	-	-	0.12	-
Orlovsky	grade (%)	3.98	4.90	3.21	4.42	4.91
Yubileyno-Snegirikhinsky	grade (%)	2.40	2.62	2.71	2.38	2.86
Region average	grade (%)	4.16	4.78	4.05	4.10	4.84
Central Region						
Abyz	grade (%)	2.70	2.92	2.84	2.63	2.53
Akbastau	grade (%)	0.42	-	0.42	-	-
Region average	grade (%)	2.41	2.92	1.99	2.63	2.53
Overall average	**grade (%)**	**3.98**	**4.57**	**3.82**	**3.93**	**4.58**
Zinc in concentrate	**('000 t)**	**113.7**	**126.2**	**38.1**	**39.4**	**45.3**

OTHER METALS MINING – SILVER

SILVER		9m 2011	9m 2010	Q3 2011	Q2 2011	Q3 2010
Zhezkazgan Region						
North	grade (g/t)	6.29	6.57	5.97	8.23	7.28
East	grade (g/t)	12.26	13.25	11.46	13.01	13.34
South	grade (g/t)	12.84	15.54	12.91	12.79	15.58
West	grade (g/t)	12.08	11.26	15.69	11.39	12.29
Stepnoy	grade (g/t)	8.56	15.21	9.24	5.90	16.48
Annensky	grade (g/t)	13.86	14.54	14.49	12.89	14.78
Zhomart	grade (g/t)	8.42	7.75	9.04	8.79	8.76
Region average	grade (g/t)	10.83	12.78	11.35	10.62	12.91
Central Region						
Nurkazgan	grade (g/t)	1.76	2.08	1.77	1.80	2.08
Abyz	grade (g/t)	34.89	38.95	39.97	31.94	35.53
Akbastau	grade (g/t)	15.00	-	15.00	-	-
Sayak	grade (g/t)	4.79	5.35	3.83	4.59	6.58
Shatyrkul	grade (g/t)	2.14	2.56	1.70	1.83	2.83
Region average	grade (g/t)	5.81	7.21	5.48	6.02	6.37
East Region						
Nikolayevsky	grade (g/t)	31.95	31.47	41.04	28.1	27.54
Artemyevsky	grade (g/t)	123.85	123.61	103.71	103.92	132.25
Irtyshsky	grade (g/t)	50.03	60.33	53.77	47.27	64.60
Belousovsky	grade (g/t)	16.66	-	-	23.0	-
Orlovsky	grade (g/t)	56.64	59.35	43.65	63.99	59.21
Yubileyno-Snegirikhinsky	grade (g/t)	22.46	27.71	22.20	21.24	27.42
Region average	grade (g/t)	66.51	71.87	58.85	61.98	73.56
Overall average	**grade (g/t)**	**17.85**	**20.06**	**17.18**	**17.16**	**20.05**
Silver in concentrate	**('000 oz)**	**10,368**	**11,845**	**3,415**	**3,464**	**4,408**
Own concentrate	('000 oz)	9,175	9,587	3,071	3,127	3,347
Own concentrate processed by 3rd parties	('000 oz)	1,145	1,984	317	321	894
Purchased concentrate		48	274	27	17	167
Silver metal[1] (as by-product)	**('000 oz)**	**9,846**	**10,282**	**3,084**	**4,430**	**3,585**

[1] Includes slimes from purchased concentrate.

OTHER METALS MINING – GOLD

GOLD		9m 2011	9m 2010	Q3 2011	Q2 2011	Q3 2010
Central Region						
Nurkazgan	grade (g/t)	0.26	0.32	0.28	0.25	0.33
Abyz	grade (g/t)	3.57	3.60	3.25	3.94	2.68
Akbastau	grade (g/t)	0.50	-	0.50	-	-
Sayak	grade (g/t)	0.23	0.23	0.23	0.20	0.27
Shatyrkul	grade (g/t)	0.38	0.44	0.40	0.33	0.50
Region average	grade (g/t)	0.56	0.59	0.49	0.67	0.68
East region						
Nikolayevsky	grade (g/t)	0.43	0.27	0.57	0.35	0.26
Artemyevsky	grade (g/t)	1.06	1.26	1.02	0.87	1.23
Irtyshsky	grade (g/t)	0.33	0.31	0.31	0.31	0.30
Belousovsky	grade (g/t)	0.26	-	-	0.14	-
Orlovsky	grade (g/t)	1.07	1.15	0.84	1.21	1.25
Yubileyno-Snegirikhinsky	grade (g/t)	0.38	0.33	0.38	0.37	0.36
Region average	grade (g/t)	0.80	0.89	0.73	0.77	0.90
Overall average	**grade (g/t)**	**0.67**	**0.76**	**0.60**	**0.71**	**0.72**
Gold in concentrate	**('000 oz)**	**103.0**	**98.9**	**35.6**	**34.3**	**32.8**
Own concentrate	('000 oz)	93.6	86.2	32.4	31.3	27.5
Own concentrate processed by 3rd party	('000 oz)	7.0	11.1	2.1	2.0	4.3
Purchased concentrate		2.4	1.6	1.1	1.0	1.0
Gold output[1] (as by-product)	**('000 oz)**	**85.3**	**97.4**	**29.4**	**36.6**	**35.0**

[1] Includes slimes from purchased concentrate.

Gold doré production (as primary production)		9m 2011	9m 2010	Q3 2011	Q2 2011	Q3 2010
Ore extraction	ore ('000 t)	658	1,141	300	262	523
Gold ore grade	g/t	1.26	1.24	1.24	1.28	1.27
Gold in ore to pads	'000 tr.oz	31.2	56.5	12.1	15.2	25.9
Gold precipitation	'000 tr.oz	25.7	30.9	11.3	10.0	14.4
Gold doré production	**'000 tr.oz**	**25.3**	**30.2**	**11.3**	**9.6**	**14.0**
Silver production	'000 tr.oz	18.0	23.2	6.8	6.0	6.4