



KAZAKHMYS PLC

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Kazakhmys PLC Announces Acquisition of Kazakhstan's Largest Power Plant and Accompanying Coal Field

Kazakhmys PLC ("Kazakhmys") announces today that it has signed an agreement with AES Corporation ("AES") to acquire the Ekibastuz coal-fired power plant and the Maikuben West coal mine in Kazakhstan. Completion is subject to certain conditions, including obtaining the necessary regulatory approvals from the Government of Kazakhstan.

- Ekibastuz is a strategic asset in the Central Asian power market:
 - It is the largest source of power in Kazakhstan, with nameplate capacity of 4,000MW, in a market increasingly short of power supply
 - Ekibastuz offers significant growth opportunities with capacity to double output over the next 5 years from current available capacity of 2,250 MW
 - The captive coal mine at Maikuben provides a secure base of raw material supply, with current output of 3.1 million tonnes of coal with estimated mine life of about 30 years based on A,B, C1 classification of reserves.
 - Considerable potential to create commercial opportunities and off take agreements

- Total payments of up to US\$1.5 billion, subject to adjustment under a closing mechanism.
 - Includes an initial cash consideration of US\$1,100 million and a deferred cash consideration and other payments of up to US\$381 million, payable under earnout provisions
 - Kazakhmys will retain AES on a management service contract up to 31 December 2010.
 - Kazakhmys will fund the transaction through a debt facility, which has been announced separately today.

Oleg Novachuk, Chief Executive of Kazakhmys said "The acquisition of Ekibastuz and the captive coal mine at Maikuben West is consistent with our strategy of diversifying our portfolio and secures the future of an asset that is of importance to the development of Kazakhmys and the region. It offers considerable opportunities to develop commercial relationships through surplus power generation."

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BACKGROUND AND NOTES TO EDITORS

Information on the assets and transaction

Ekibastuz, located in northeastern Kazakhstan's Pavlodar Oblast, is the largest power plant in Kazakhstan with a nameplate capacity of 4,000 MW. Maikuben West Coal mine, an open cast mine located 65 kilometres from the Ekibastuz power plant, has an estimated mine life of about 30 years based on A, B, C1 classification of reserves and supplies a sizeable portion, around 20% of the power plant's fuel requirements, producing over 3.1 million tonnes of coal in 2006.

In 2007, the power plant produced 9,434 GWh of electricity. As at 1 January 2008, the plant's current available capacity was 2,250 MW, which is expected to significantly increase in stages over the next five years to 4,000 MW. This in turn will allow Kazakhmys to capitalise on the expected growth in electricity demand in Kazakhstan.

For the year ended 31 December 2006, the revenues, profit before tax, and gross assets of the combined operations of Ekibastuz GRES-1 and Maikuben West were US\$149 million, US\$43 million, and US\$222 million, respectively¹.

The capex spend for the three years from 2008 to 2010 inclusive is estimated at US \$650 million.

Under the terms of the agreement, Kazakhmys, through a wholly owned subsidiary Kazakhmys Power B.V., will make an initial cash payment, at closing, of US\$1,100 million, subject to adjustments under a closing mechanism, based on an enterprise value of US\$1,150 million. Closing is expected to take place in Q2 2008, subject to securing all necessary regulatory consents from the Government of Kazakhstan. In addition, AES has an entitlement to an additional deferred cash consideration and other payments of up to US\$381 million between 2008 and 2010, should certain profitability and performance targets be met. Kazakhmys will retain AES on a management service contract up to 31 December 2010, with the existing key management team of AES in Kazakhstan continuing to manage and operate the power plant and the coal mine. This will assist Kazakhmys in ensuring business continuity and the execution of the investment programme.

¹Combined aggregated (unconsolidated) numbers based on the AES management accounts prepared in accordance with the US GAAP.

³ Ministry of Energy and Mineral Resources of Republic of Kazakhstan "Development Plan for the Electricity Industry of the Republic of Kazakhstan", 2007.

Background

The electricity market in Kazakhstan offers an attractive growth platform to Kazakhmys given the momentum in the industrial sector in Kazakhstan and the resulting growth in demand for electricity.

The power sector in Kazakhstan has favourable economic fundamentals and offers value-enhancing growth opportunities, in turn underlying the attractiveness of the Acquisition on a standalone basis. Since gaining independence on 16 December 1991, the Kazakh Government has introduced a series of important measures resulting in full restructuring of the country's electricity generation market. The Government introduced a new regulatory framework, privatised generation assets and deregulated pricing of the wholesale/retail power market. Kazakhstan has experienced a rapid recovery of its economy, with a real CAGR in GDP of c.10% over 2001-2006. Economic recovery was the key driver for growth in the electricity sector, with demand increasing by an average of 5.2% per annum over the same period. The growth momentum is expected to continue in the medium term. The demand for electricity is projected to exceed 6% per annum through 2011 and 3% per annum in the long run, according to the forecast of the Kazakh Government³.

Kazakhmys already participates in the power market in Kazakhstan by owning and operating three power plants with total gross capacity of over 900 MW, which supply all of the Group's current power needs.

Kazakhmys PLC

Kazakhmys PLC is the largest copper producer in Kazakhstan and one of the leading copper producers in the world. Kazakhmys is a fully integrated copper producer from mining ore through to the production of finished copper cathode and rod. The Group produces significant volumes of other metals as by-products, including zinc, silver and gold. Existing operations include 20 open pit and underground mines, 9 concentrators, two copper smelting and refining complexes, a copper rod plant, a zinc plant and a precious metals refinery. Production is backed by a captive power supply and significant rail infrastructure. Kazakhmys also owns MKM, a copper products fabrication company in Germany, and has Gold and Petroleum Divisions with assets in Kazakhstan and Central Asia. The Group's strategic aim is to diversify and participate in the development of the significant natural resource opportunities in Central Asia.

AES Corporation

AES is one of the world's largest global power companies, with 2006 revenues of US\$11.6 billion. With operations in 28 countries on five continents, AES's generation and distribution facilities have the capacity to serve 100 million people worldwide. 13 utilities amass annual sales over 73,000 GWh and 117 generation facilities have the capacity to generate approximately 44,000 megawatts. The global workforce of 30,000 people is committed to operational excellence and meeting the world's growing power needs. To learn more about AES, please visit www.aes.com or contact AES media relations at media@aes.com