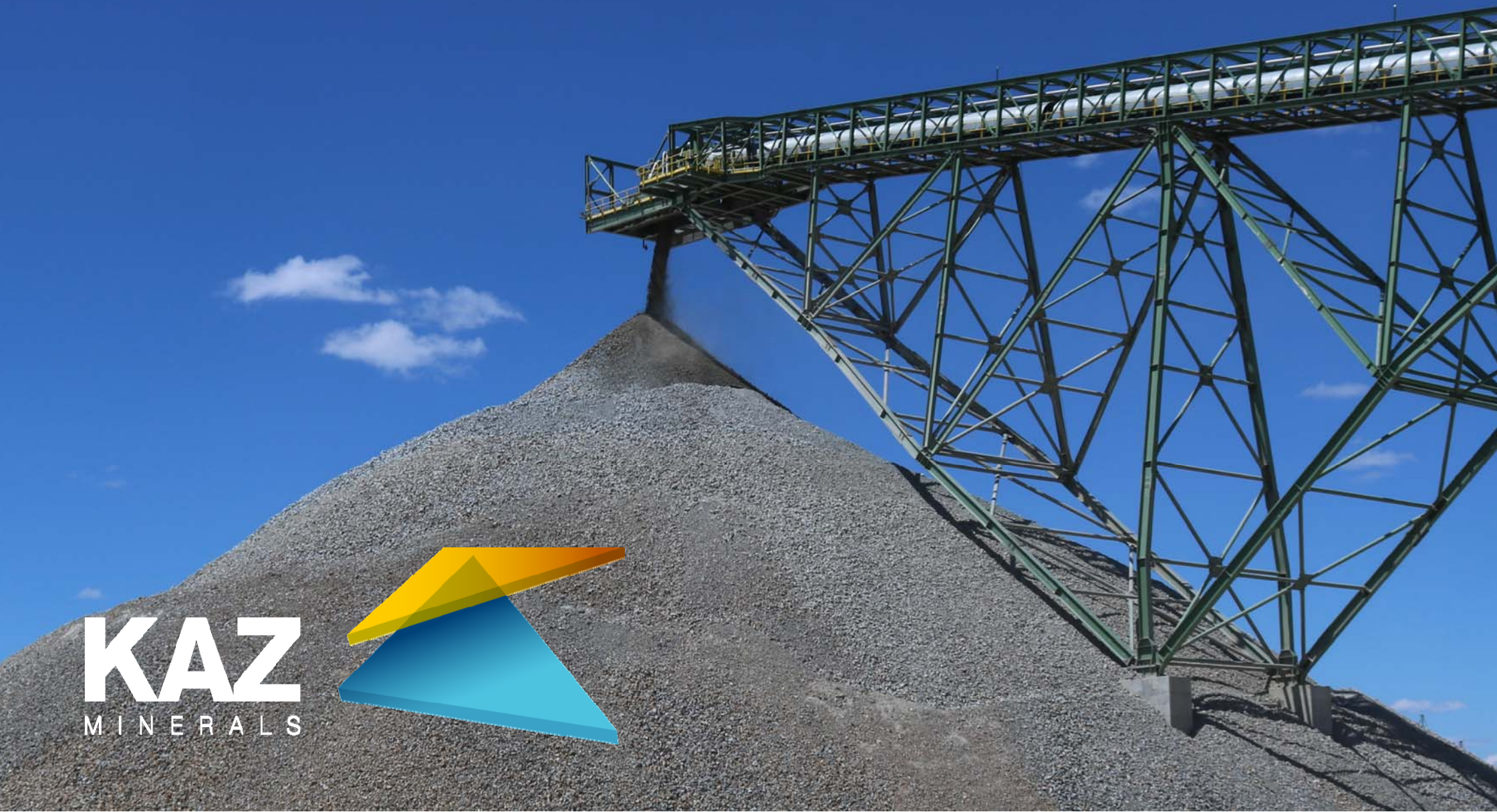
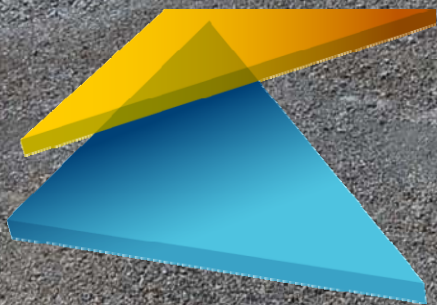


# INVESTOR PRESENTATION

September 2017

**KAZ**  
MINERALS



# IMPORTANT NOTICE

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## DISCLAIMER

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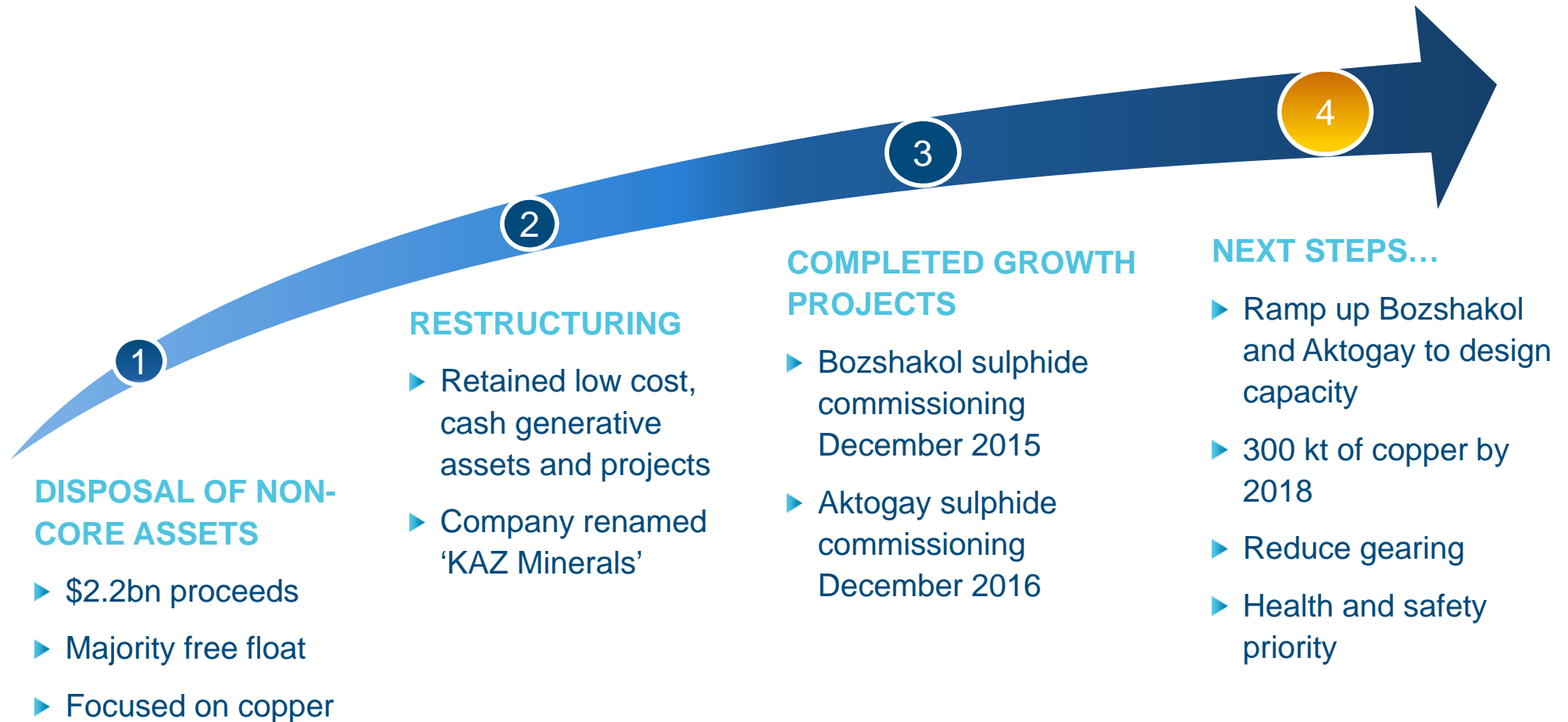
All financial definitions can be found in the Half-Yearly Results 2017 press release. See glossary for definitions.

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# 1. Introduction to KAZ Minerals

# DELIVERING ON OUR STRATEGY



# ASSET OVERVIEW



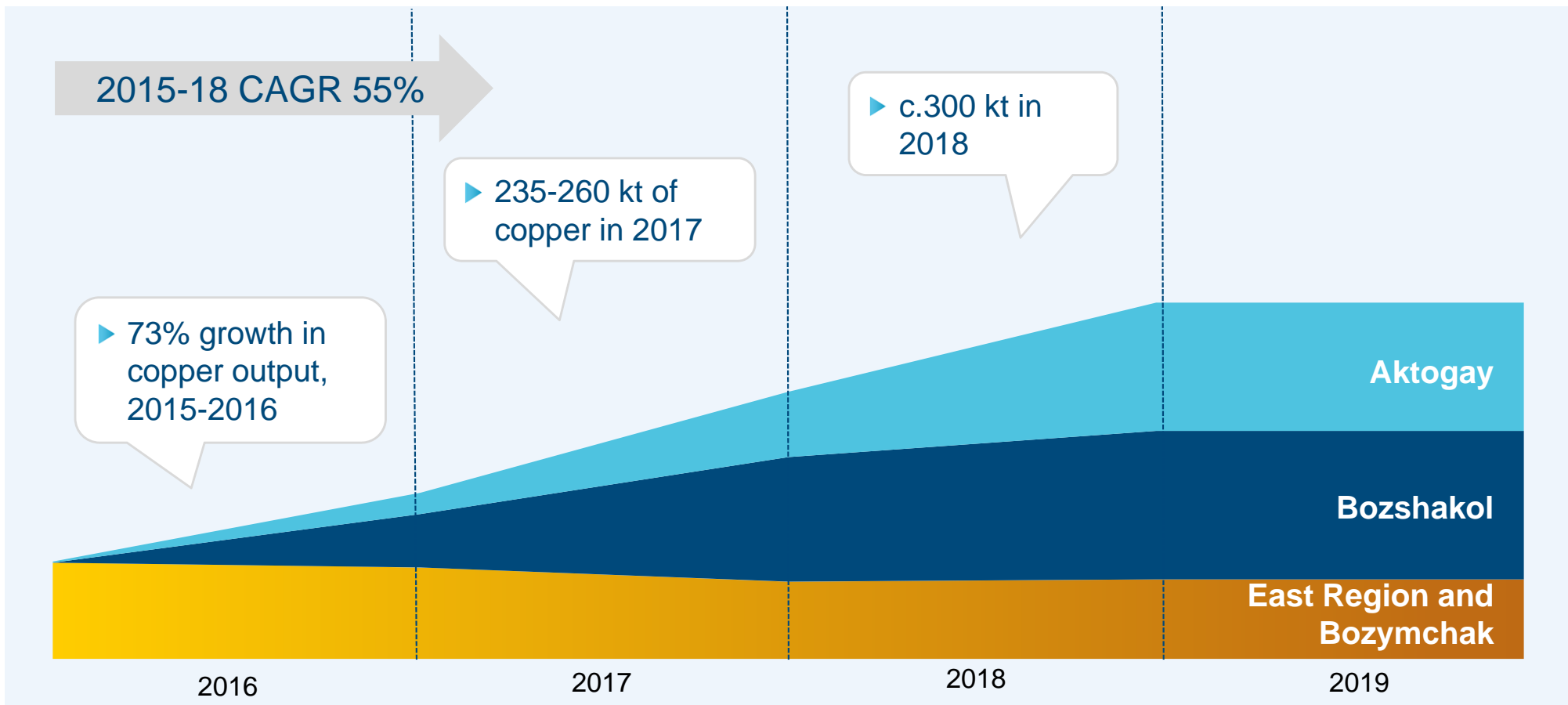
■ Producing asset    ■ Potential future project



- ✓ Transport
- ✓ Power
- ✓ Water
- ✓ Permitting
- ✓ Skilled labour
- ✓ Located next to world's largest copper consumer



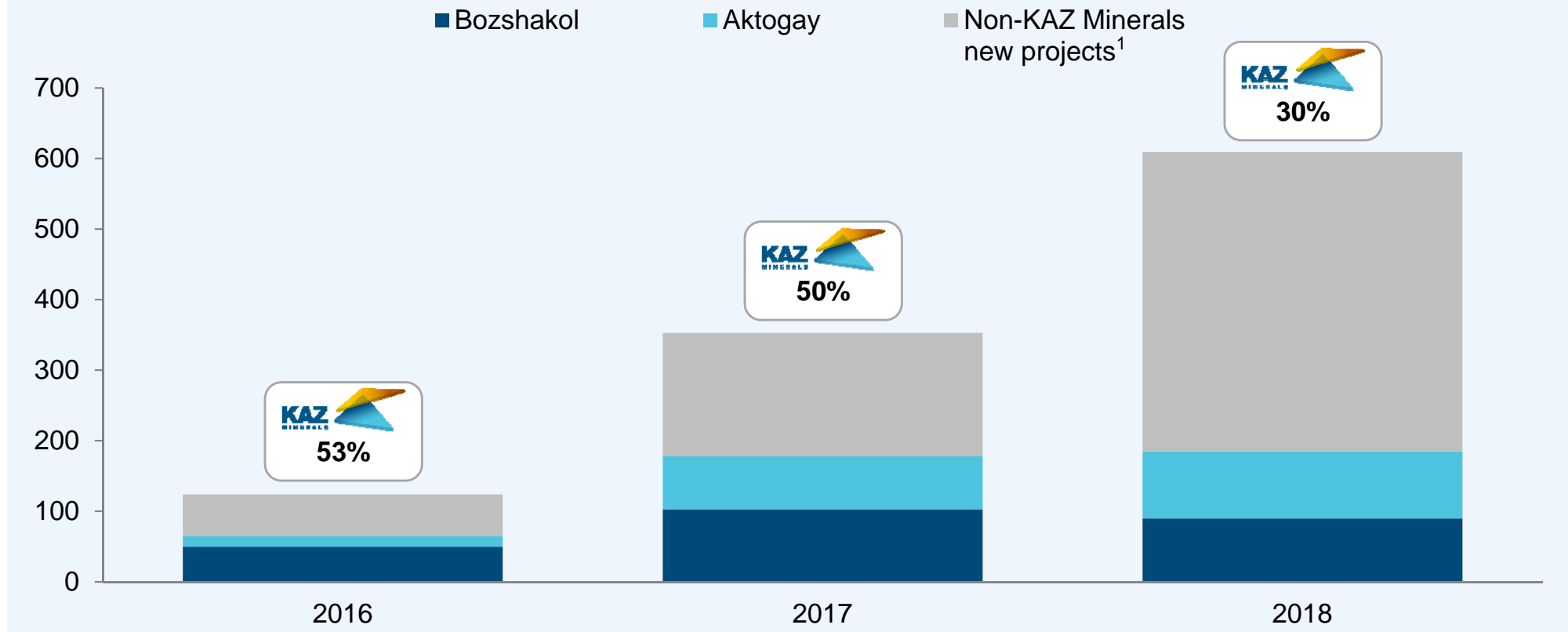
# CONTINUED GROWTH AHEAD



# DELIVERING GLOBALLY SIGNIFICANT NEW PRODUCTION



Global supply from new copper projects – initial production 2016 or later (kt)



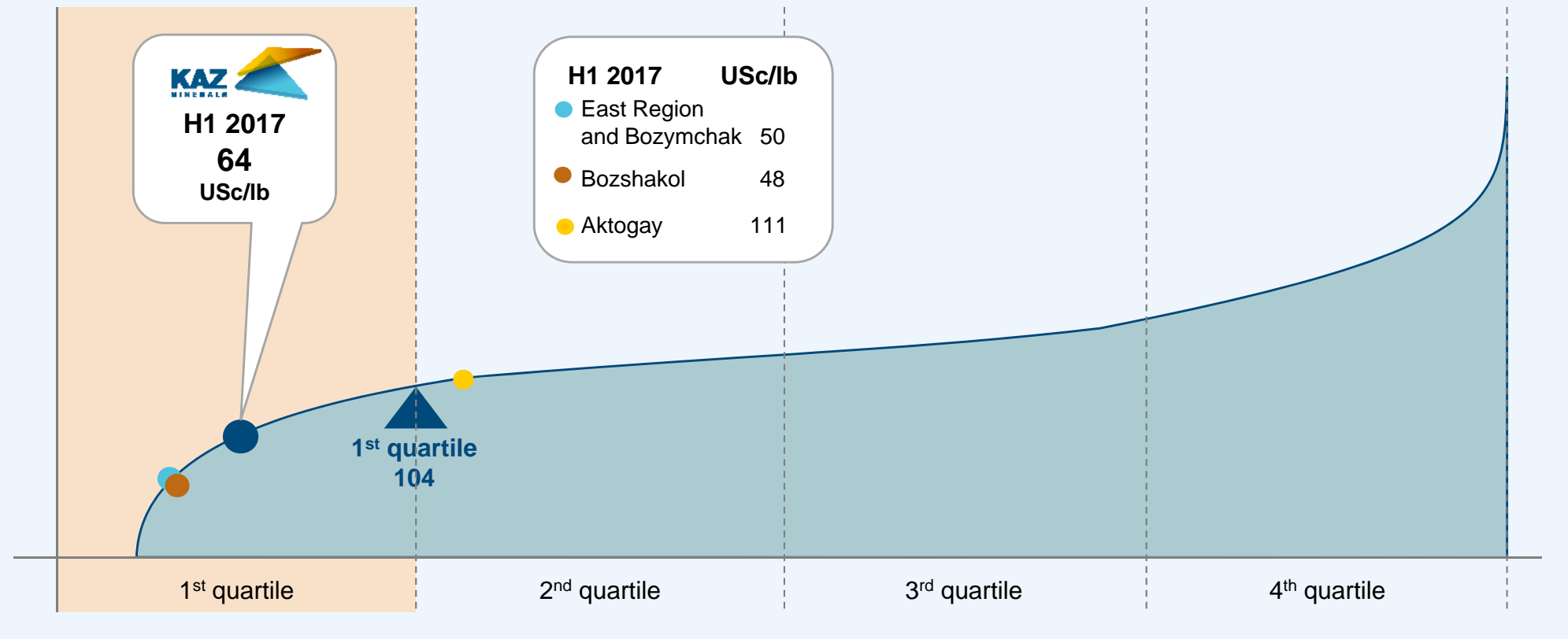
Source Wood Mackenzie Global copper long-term outlook Q2 2017. 2017 and 2018 KAZ Minerals output as presented by Wood Mackenzie.

1. Non-Kaz Minerals new projects consists of greenfield and brownfield projects. Greenfield projects consists of: Kamoya, Kolwezi, Dabaoshan, Pulang, Qulong, Shaxi, Xiongkun, Ta Phoi, Antas, Cobre Panama, Magistral, San Nicolas Tails, Deflector, Nova Bollinger, Thalanga, Altay Polimetally, Bystrinskoe, Soremi SX/EW, Kazandol SX/EW, Kolwezi SX/EW; Brownfield projects consists of: Kinsenda, Mopani Deeps, Metalkol SX/EW, Lepadaungtaung SX/EW, Capricorn Copper. Oyu Tolgoi expansion and Chuquicamata Underground scheduled to commence production in 2019 (based on Wood Mackenzie estimates) and thus are not included in the above.

# LOW COST POSITION MAINTAINED



Net Cash Cost Curve (USc/lb)<sup>1</sup>



Notes:

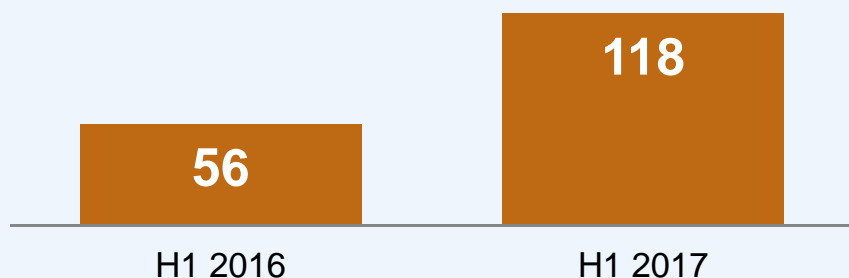
1. Conceptual representation as at 30 June 2017, not to scale.



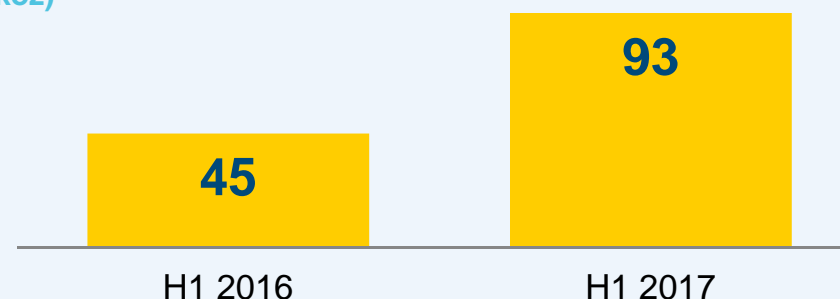
# H1 2017 HIGHLIGHTS



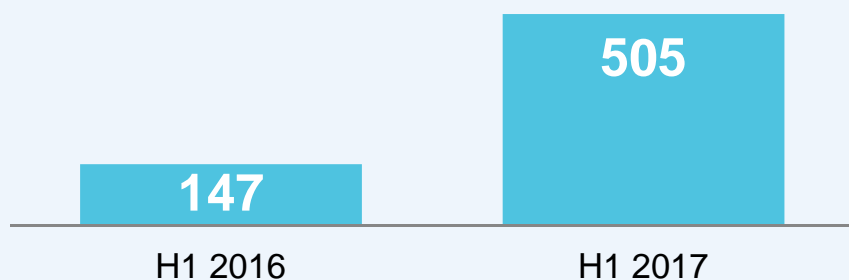
## Copper production (kt)<sup>1</sup>



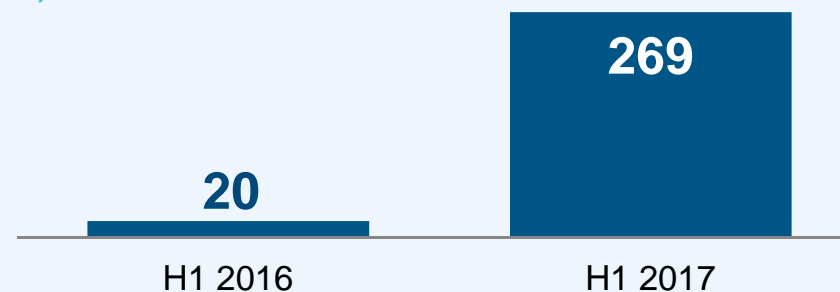
## Gold production (koz)<sup>1</sup>



## Gross EBITDA (\$m)<sup>2</sup>



## Free Cash Flow (before interest) (\$m)<sup>3</sup>



### Notes:

1. Payable metal in concentrate and copper cathode from Aktogay oxide ore.
2. Gross EBITDA (excluding MET, royalties and special items) includes all operations, including the period prior to commercial production.
3. Net cash flow from operating activities before capital expenditure and non-current VAT associated with expansionary and new projects less sustaining capital expenditure.

# GROUP PRODUCTION GUIDANCE UPDATE

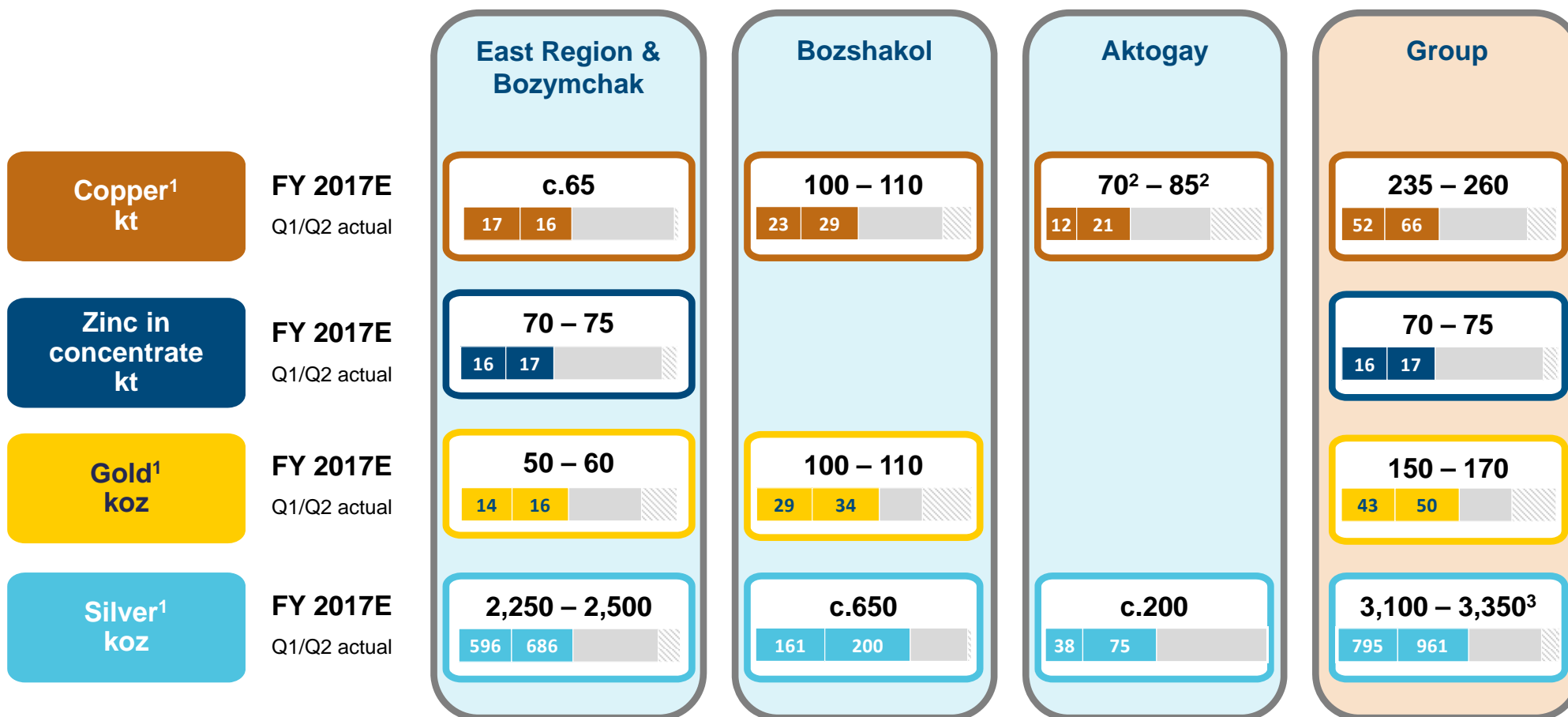


	H1 2017	Previous FY guidance	Revised FY guidance	
<b>Copper<sup>1</sup> kt</b>	118	225 – 260	<b>235 – 260</b>	▶ Lower end of copper guidance range increased due to strong Bozshakol and Aktogay production
<b>Zinc in concentrate kt</b>	32	70 – 75	<b>70 – 75</b>	▶ Zinc guidance unchanged
<b>Gold<sup>1</sup> koz</b>	93	135 – 170	<b>150 – 170</b>	▶ Bottom of gold range increased following higher grades at Bozshakol
<b>Silver<sup>1</sup> koz</b>	1,756	2,750 – 3,000 <sup>2</sup>	<b>3,100 – 3,350<sup>2</sup></b>	▶ Silver guidance increased to reflect Bozshakol and Aktogay contribution

Notes:

1. Payable metal in concentrate and copper cathode from Aktogay oxide ore.
2. Minimal volume of silver recovered from Aktogay material. Q1 2017 restated to include 38 koz production.

# 2017 PRODUCTION GUIDANCE



Notes:

1. Payable metal in concentrate and copper cathode from Aktogay oxide ore.
2. Includes around 20 kt of cathode production from oxide ore.
3. Minimal volume of silver recovered from Aktogay material. Q1 2017 restated to include 38 koz production from Aktogay.

## 2. Aktogay

# AKTOGAY SUMMARY



## Key Statistics

- ▶ Large scale open pit processing 25 Mt ore annually
- ▶ 5.8 Mt of contained copper and 115 kt of molybdenum
- ▶ 0.2 strip ratio
- ▶ Production life of over 50 years:
  - Average output of 20 kt of copper cathode equivalent p.a. from oxide ore (11 years)
  - Average output of 90 kt of copper cathode equivalent p.a. from sulphide ore in first 10 years
- ▶ 1,500 employees at full operation
- ▶ Estimated project development cost \$2 billion

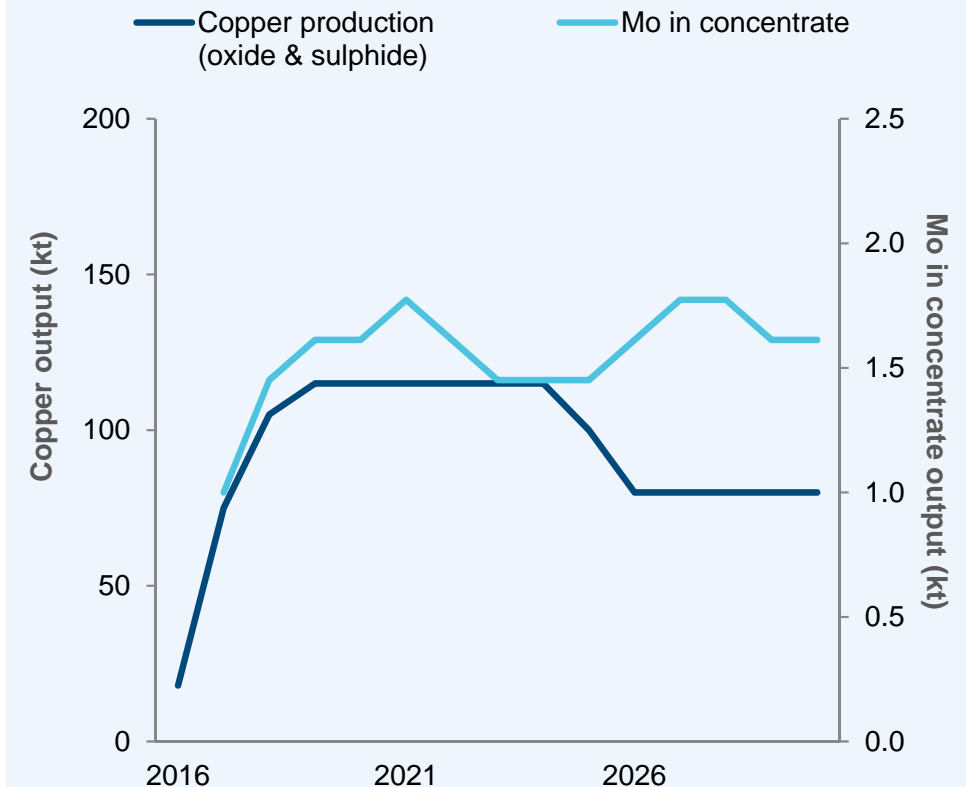
## Mineral Resource<sup>1</sup>

	Tonnage (Mt)	Cu grade (%)	Mo grade <sup>2</sup> (%)
Sulphide	1,597	0.34	0.007
Oxide	104	0.36	-

### Notes:

1. Includes measured and indicated resources as at 31 December 2016.
2. Molybdenum production will depend on progress in ramping up copper production and the market price of molybdenum.

## Production Schedule - Key Metals



# AKTOGAY PROGRESSING WELL

- ▶ Aktogay produced 33 kt copper in H1 2017
  - 10 kt oxide
  - 23 kt sulphide
- ▶ Ramp up of sulphide concentrator progressing well, achieved 47% of design throughput in Q2
- ▶ High grade supergene ore supported output
  - Copper grade of 0.75% in the first half
  - Grade expected to reduce in remainder of 2017
- ▶ Bottom of full year copper guidance range increased, now 70-85 kt
  - c.20 kt oxide
  - 50-65 kt sulphide



*Aktogay open pit*



*Aktogay open pit  
July 2017*



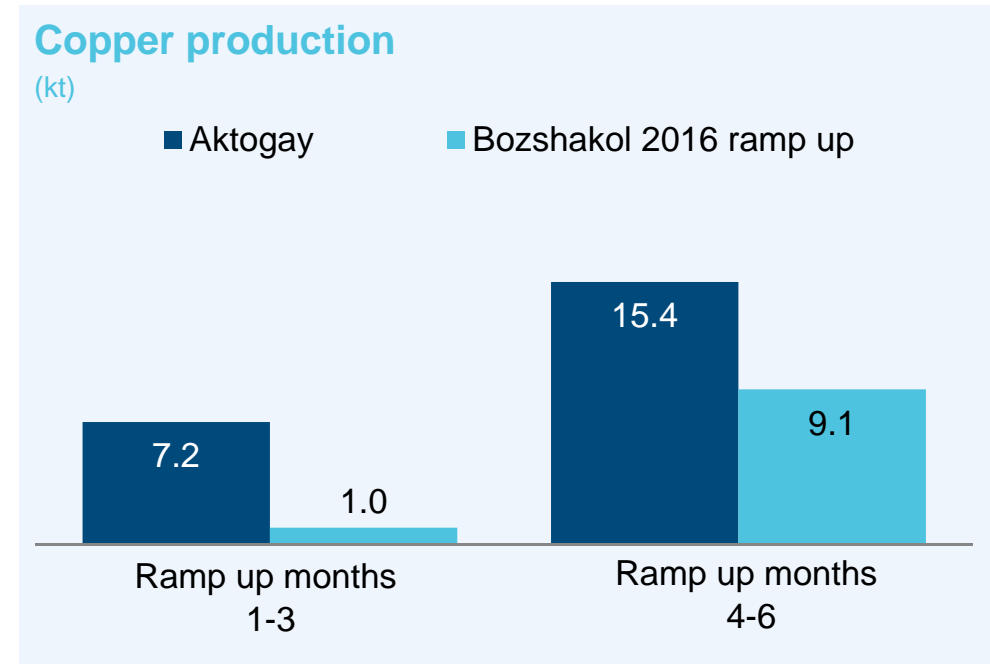
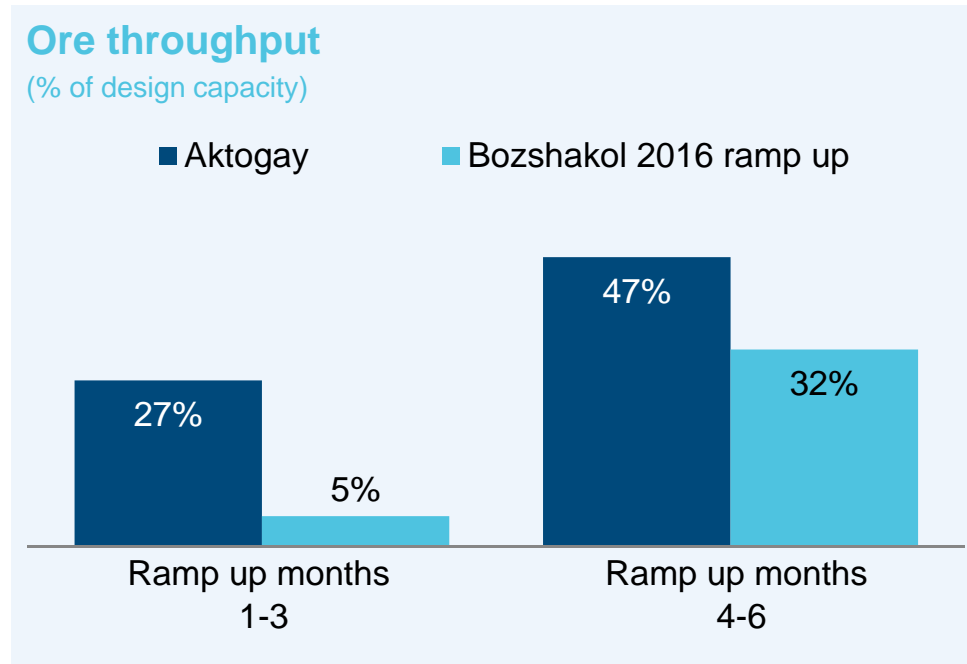
*Aktogay sulphide concentrator*



# AKTOGAY SULPHIDE RAMP UP COMPARISON



## Aktogay commissioning team has benefited from lessons learnt at Bozshakol



► The Aktogay concentrator ramp up in H1 2017 has proceeded faster than the ramp up of Bozshakol, one year ago

► High grade sulphide material (0.75%) has supported copper production at Aktogay

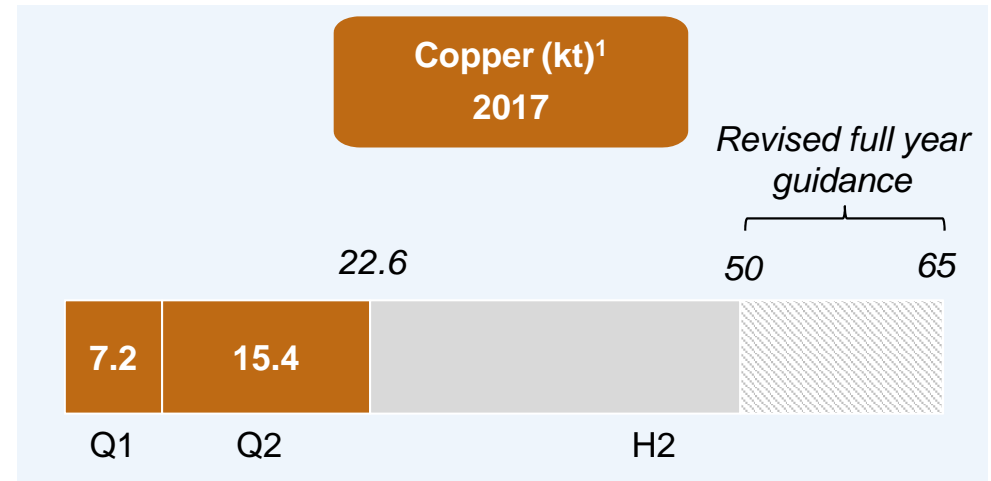
*Aktogay flotation cell  
July 2017*



# AKTOGAY SULPHIDE TARGETS



- ▶ On track to declare sulphide operations commercial in the second half of 2017
- ▶ Well placed to achieve full year sulphide guidance, bottom of range increased, now 50-65 kt
- ▶ Expect to reach design capacity during 2018



Notes:  
1. Payable metal in concentrate.



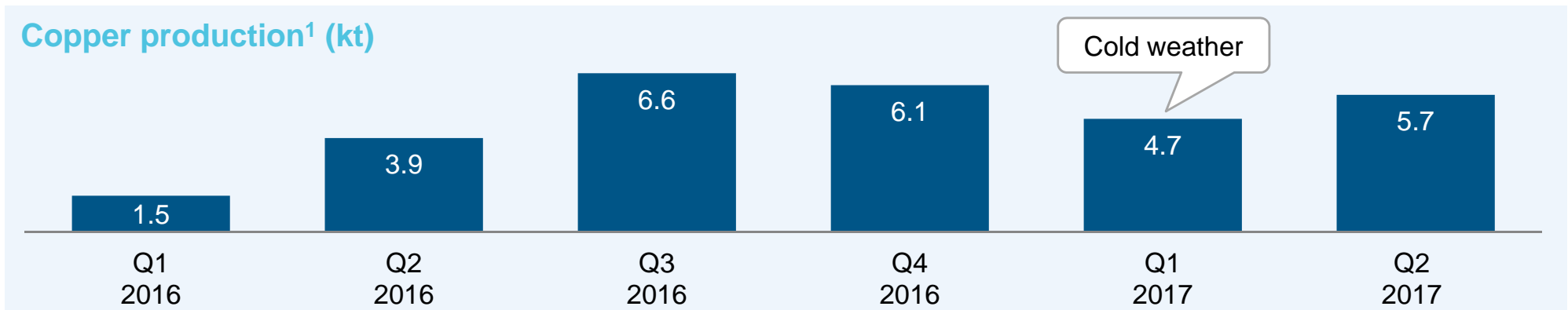
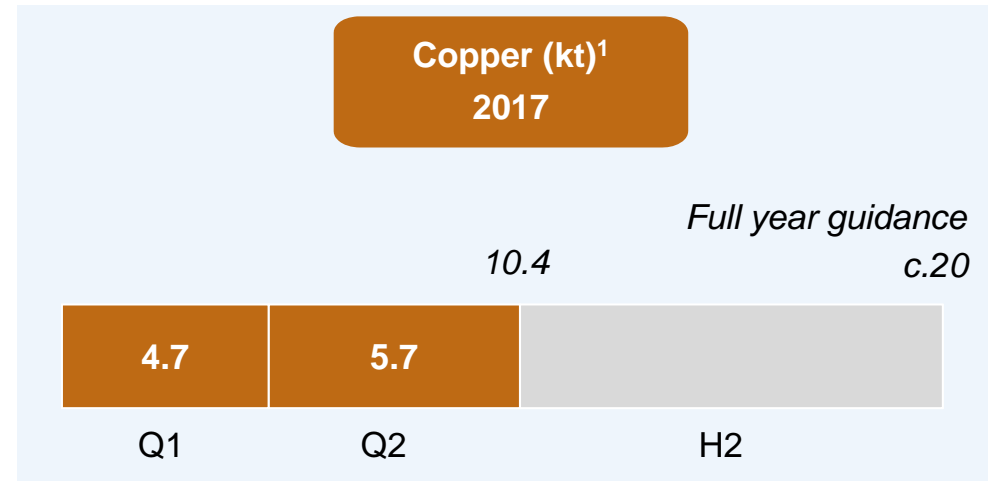
*Aktogay SAG mill  
July 2017*



# AKTOGAY OXIDE UPDATE



- ▶ 8.3 Mt oxide ore placed on leach pads in H1 2017, grade 0.42%
- ▶ 10.4 kt copper cathode produced (H1 2016: 5.4 kt)
- ▶ Ramped up and on track to achieve full year guidance



Notes:  
1. Copper cathode production.





*Aktogay copper cathode*

### **3. Bozshakol**



# BOZSHAKOL SUMMARY



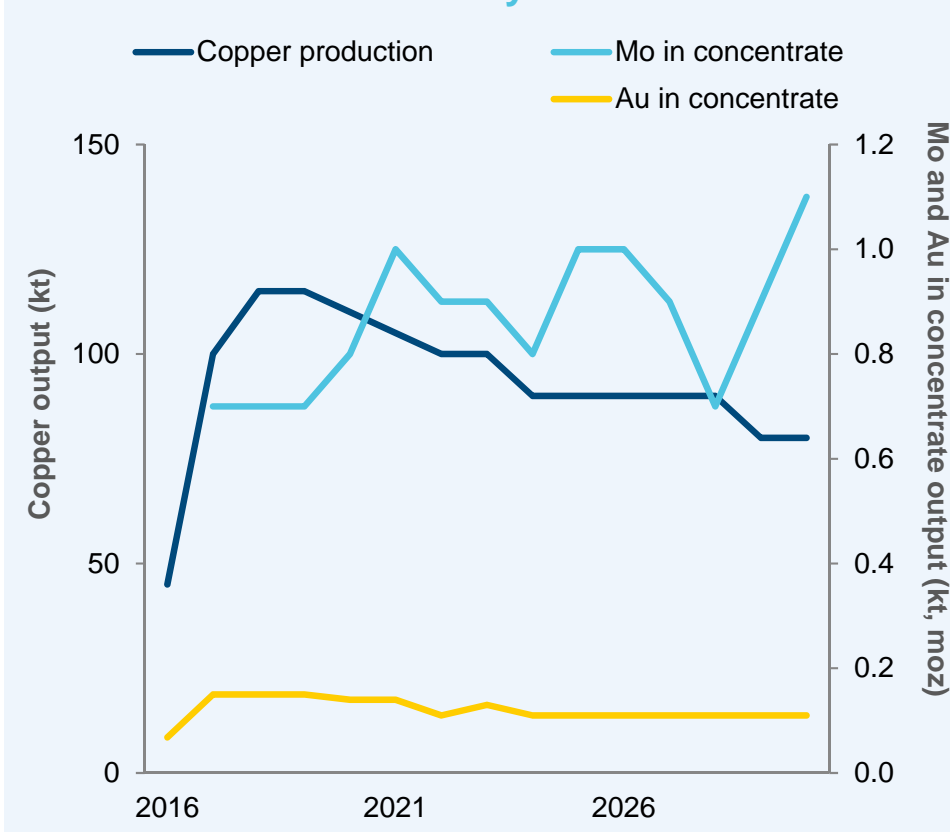
## Key Statistics

- ▶ Large scale open pit processing 30 Mt ore annually
- ▶ 4.4 Mt of contained copper at a grade of 0.36%
- ▶ 0.7 strip ratio
- ▶ By-products include gold and molybdenum
- ▶ Production life of 40 years, first 10 years annual average production:
  - 100 kt of copper cathode equivalent
  - 120 koz of gold in concentrate
- ▶ 1,500 employees at full operation
- ▶ Project development cost \$2,150 million

## Mineral Resource<sup>1</sup>

	Tonnage (Mt)	Cu grade (%)	Au grade g/t	Mo grade <sup>2</sup> (%)
Sulphide	1,128	0.35	0.1	0.005
Clay	79	0.46	0.5	-

## Production Schedule - Key Metals



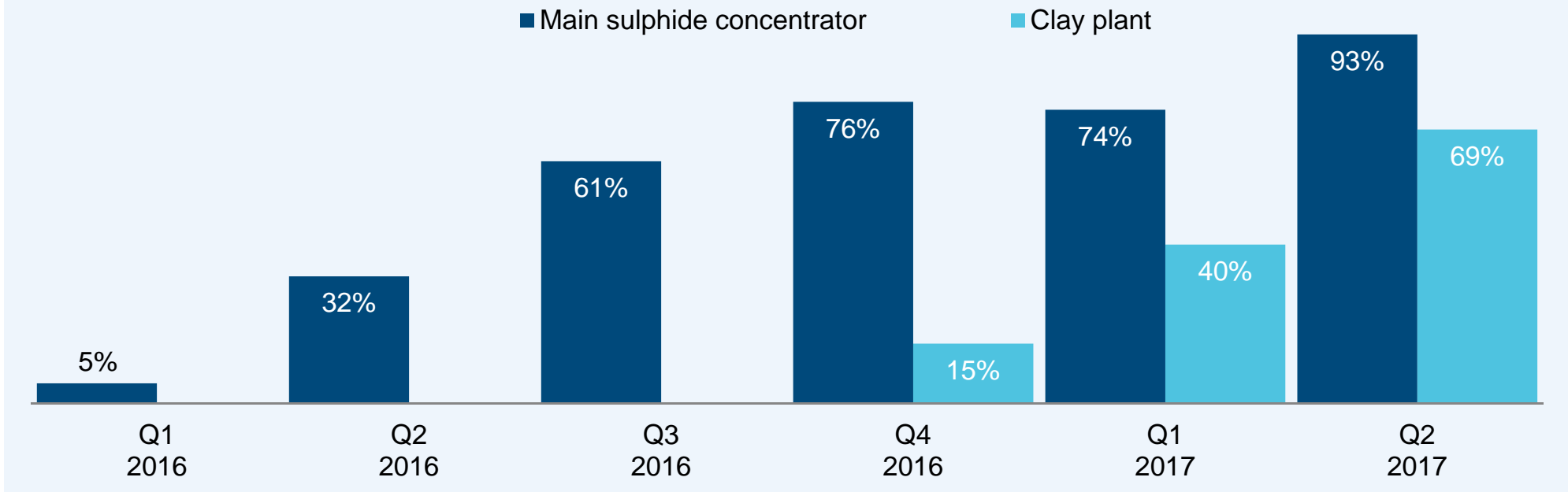
### Notes:

1. Includes measured, indicated and inferred material as at 31 December 2016.
2. Molybdenum production will depend on progress in ramping up copper production and the market price of molybdenum.

# BOZSHAKOL IN FINAL STAGES OF RAMP UP



Ore throughput  
(% of design capacity)

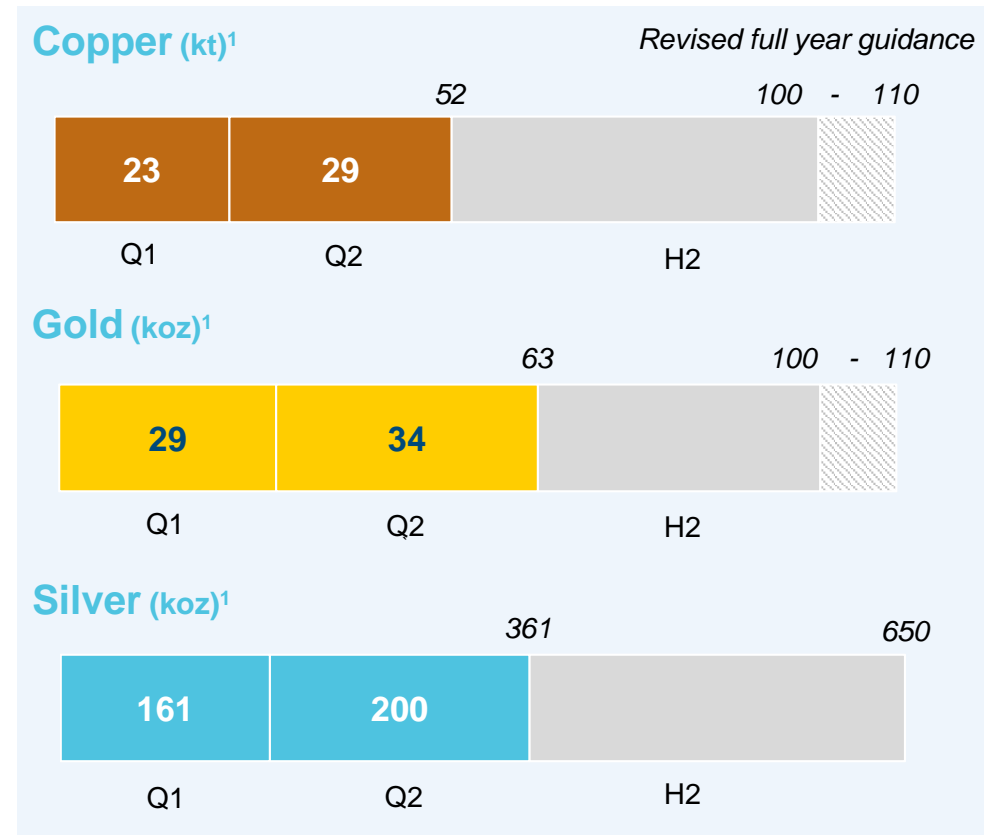


► Expect to achieve 100% of design capacity during H2 2017

# BOZSHAKOL 2017 PRODUCTION GUIDANCE



- ▶ On track to achieve full year copper<sup>1</sup> guidance, bottom of range increased, now 100-110 kt (previously 95-110 kt)
- ▶ Following strong output in the first half, bottom of gold<sup>1</sup> guidance range increased, now 100-110 koz (previously 85-110 koz)
- ▶ Gold grade in second half expected to reduce from current elevated level of 0.31 g/t
- ▶ Silver<sup>1</sup> guidance increased to c.650 koz from c.500 koz



Notes:

1. Payable metal in concentrate.



*Bozshakol open pit  
July 2017*





# CONCENTRATE SALES



- ▶ High demand from China-based smelters for Bozshakol and Aktogay concentrate
  - Average copper grade 23%, no arsenic, high in sulphur
- ▶ Average delivery time of 2 days from Aktogay and 5 days from Bozshakol to Chinese border
- ▶ TC/RCs based on benchmark



*KAZ Minerals copper concentrate*

	Realised price <sup>1</sup> H1 2017	LME/LBMA price H1 2017
<b>Copper</b> in concentrate	\$5,238 /t	\$5,748 /t
<b>Gold</b> in concentrate	\$1,265 /oz	\$1,238 /oz
<b>Silver</b> in concentrate	\$16.9 /oz	\$17.3 /oz

**Notes:**

1. Realised price is based on LME price minus a deduction for TC/RCs. The realised prices for the products sold after TC/RCs will differ from the average LME/LBMA prices during the period due to sales not being made evenly over the period.



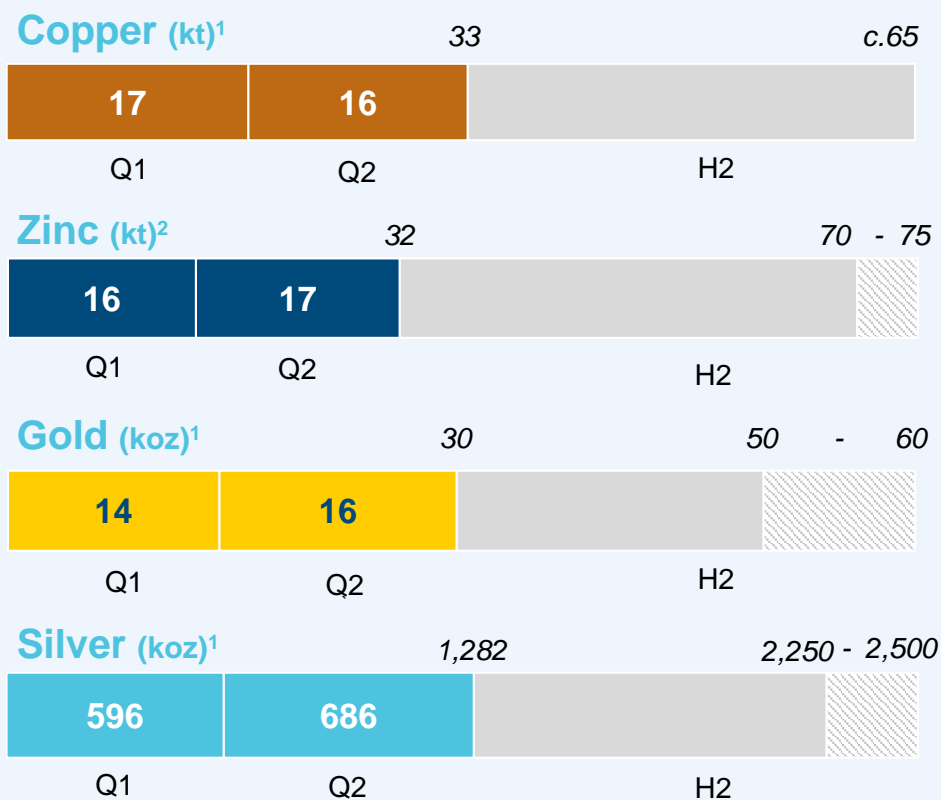
## 4. East Region and Bozymchak

# EAST REGION AND BOZYMCHAK PRODUCTION



- ▶ Copper production of 33 kt, 19% lower than H1 2016
  - Yubileyno-Snegirikhinsky mine closure, December 2016
  - Orlovsky mine ventilation maintenance, six day week from H2 2016
  
- ▶ Bozymchak operated at design capacity throughout H1 2017
  
- ▶ On track to achieve copper production target
  - Gold and silver production expected to be towards the upper end of the guidance
  - Zinc target dependent on confirmation of higher grades in H2 2017

## H1 2017 production vs 2017 guidance



Notes:

1. Payable metal in concentrate.
2. Zinc in concentrate.



# MINERAL RESOURCES SUMMARY



	Orlovsky		Irtyshsky		Artemyevsky		Bozymchak	
	2016	2015	2016	2015	2016	2015	2016	2015
<b>Ore output (kt)</b>	1,260	1,417	632	655	1,309	1,289	935	449
<b>Copper grade (%)</b>	3.67	3.69	1.54	1.67	1.48	1.62	0.86	0.97
<b>Gold grade (g/t)</b>	1.02	1.18	0.29	0.28	0.37	0.38	1.46	1.77
<b>Silver grade (g/t)</b>	58.0	64.4	53.6	62.2	38.9	35.1	9.5	10.0
<b>Zinc (%)</b>	4.38	4.52	3.12	3.13	2.10	2.96	-	-
<b>Mineral resources<sup>1</sup> (kt)</b>	14,404		5,283		17,501 <sup>2</sup>		16,443 <sup>3</sup>	
<b>Type of mine</b>	Underground		Underground		Underground		Open pit / underground	
<b>Concentrator</b>	On-site		Belousovsky		Nikolayevsky		On-site	
<b>Description</b>	Orlovsky is the largest mine in East Region by copper metal in ore extracted.		Irtyshsky has been operating since 2001		Mine with polymetallic ore, operating since 2005		Bozymchak is located in Kyrgyzstan	

## Notes:

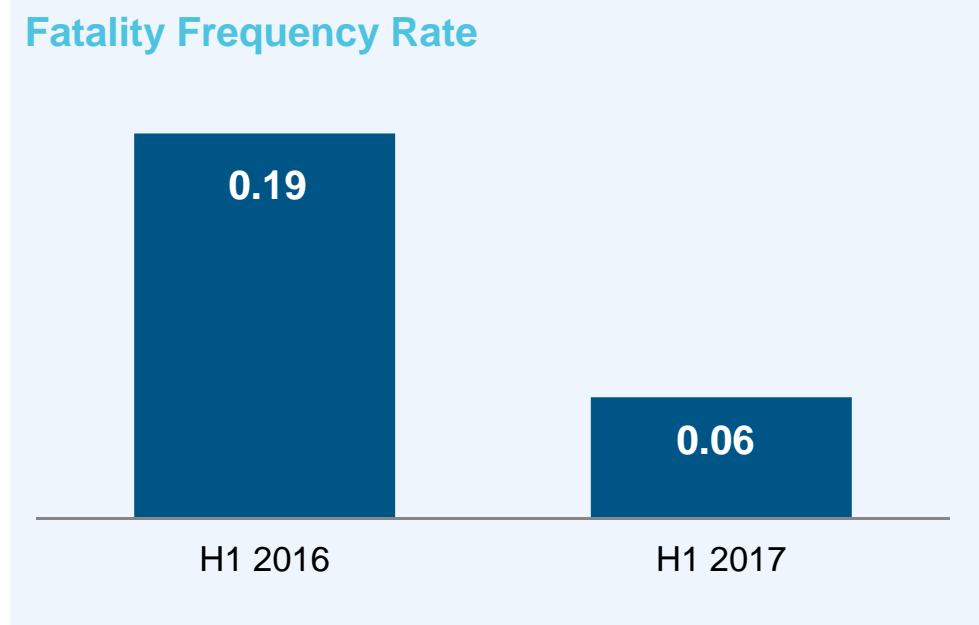
1. Measured and indicated as at 31 December 2016.
2. Includes Artemyevsky II expansion.
3. Includes underground extension.

## **5. 2017 half year results**

# HEALTH AND SAFETY



- ▶ One fatality in 2017 YTD, rock fall incident at the Irtyshtsky mine
  - Long term reduction in fatalities continues
  - Fatality frequency rate of 0.06 is the lowest ever recorded by the Group
  - Zero fatalities at Bozshakol, Aktogay and Bozymchak since operations commenced
- ▶ Total recordable injuries reduced from 29 in H1 2016 to 28 in H1 2017
- ▶ Current priorities:
  - Audits of health and safety standards
  - New 'permit to work' procedures
  - Personal protective equipment standardisation



# FINANCIAL UPDATE



\$m (unless otherwise stated)	H1 2017	H1 2016
Gross Revenues <sup>1</sup>	837	363
Gross EBITDA <sup>2</sup>	505	147
<i>Margin</i>	60%	40%
Revenues	721	302
EBITDA <sup>3</sup>	429	115
Net cash cost (USc/lb) <sup>4</sup>	64	78
Free Cash Flow (before interest paid)	269	20
EPS – based on Underlying Profit (\$) <sup>5</sup>	0.44	0.17
Net Debt	(2,442)	(2,531)

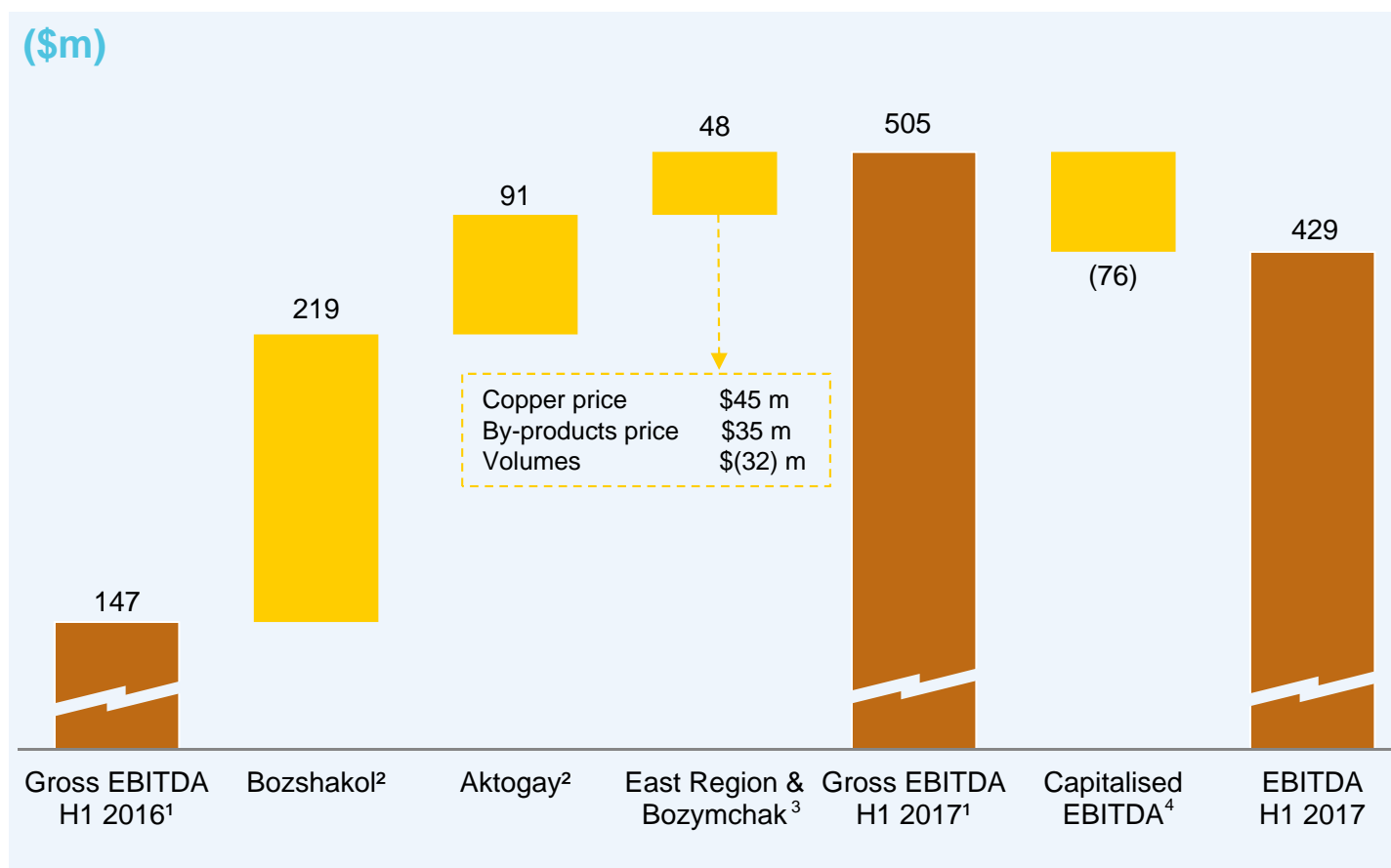
- ▶ Volume growth and improved commodity prices result in higher revenues, earnings and cash flow
- ▶ Gross EBITDA \$505 million driven by increased revenues and low costs
- ▶ Group net cash cost 64 USc/lb, amongst lowest globally
- ▶ Free Cash Flow before interest of \$269 million supported by cash flow from new operations
- ▶ Net debt \$2,442 million at 30 June 2017, with \$1,563 million of available liquidity

## Notes:

1. Includes all operations, including period prior to commercial production.
2. Gross EBITDA (excluding MET, royalties and special items) includes all operations, including the period prior to commercial production.
3. EBITDA (excluding MET, royalties and special items).
4. Cash operating costs, including pre-commercial production costs, less by-product Gross Revenues, divided by copper sales volumes.
5. EPS based on Underlying Profit excluding special items.



# GROSS EBITDA RECONCILIATION

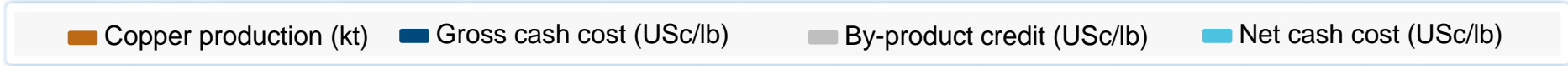


- ▶ 244% increase in Gross EBITDA:
  - Higher volumes from lower cost operations
  - Favourable commodity prices
- ▶ East Region and Bozymchak EBITDA increased as reduction in sales volumes more than offset by higher commodity prices
- ▶ Lower costs partially offset by a slightly stronger tenge

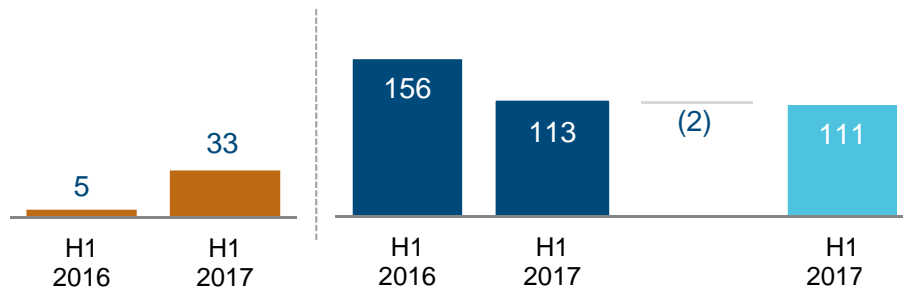
Notes:

1. Includes operations for the full year, including the period prior to commercial production.
2. Represents change in Gross EBITDA from H1 2016 to H1 2017.
3. Includes Corporate services saving of \$2 million.
4. H1 2017 EBITDA capitalised during pre-commercial production at Aktogay (\$64 million) and Bozshakol (\$12 million).

# HIGH GROWTH, LOW COST

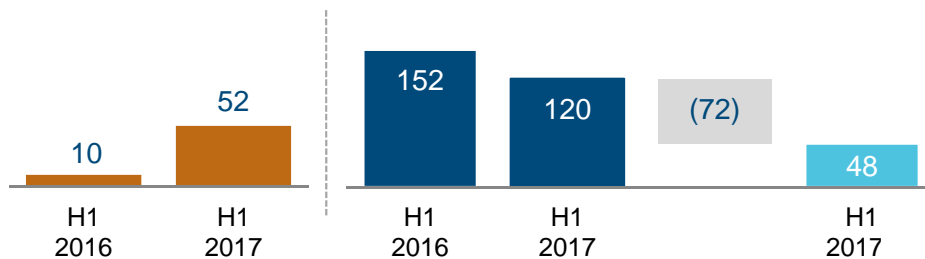


## Aktogay



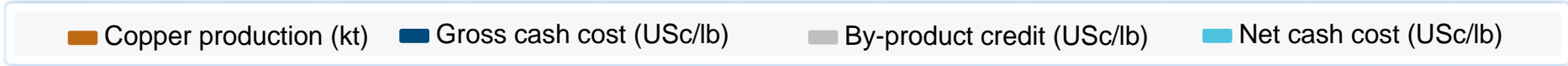
- ▶ Gross cash cost reduced in H1 2017 due to increased oxide production and commencement of sulphide operations
- ▶ H1 2017 costs benefited from higher than anticipated copper grade
- ▶ Low strip ratio supports competitive gross cash cost positioning

## Bozshakol

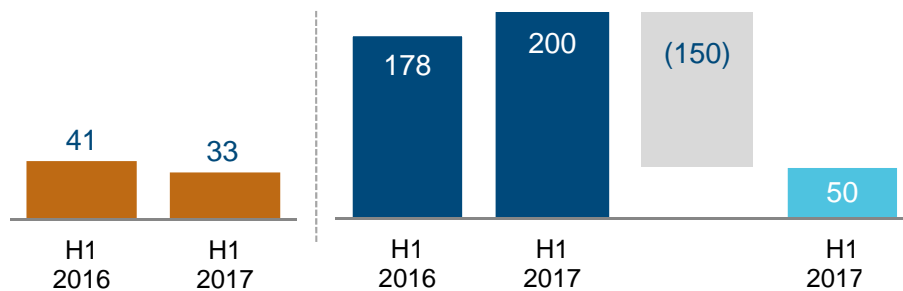


- ▶ Volume growth in H1 2017 drove lower unit costs, partially offset by increased maintenance
- ▶ Strong gold credits resulted in low net cash cost

# HIGH GROWTH, LOW COST

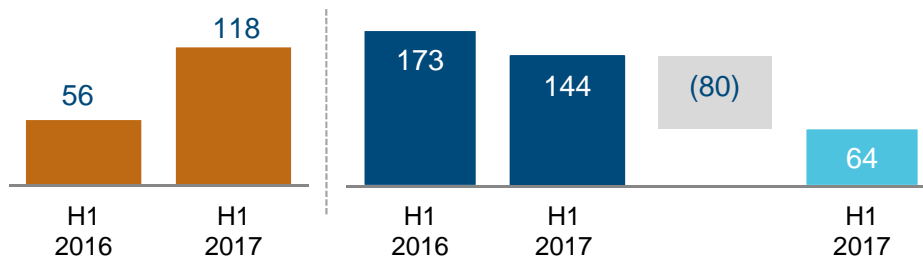


## East Region and Bozymchak



- ▶ H1 2017 costs above prior year period due to lower production but below guidance due to muted domestic inflation and sales from inventory
- ▶ By-product credits result in competitive first quartile cost positioning

## Group



- ▶ Gross cash cost reduced in H1 2017 as 67% of copper sales were from the new open pit operations
- ▶ Net cash cost amongst the lowest copper producers globally

# MAJOR PROJECTS CAPEX

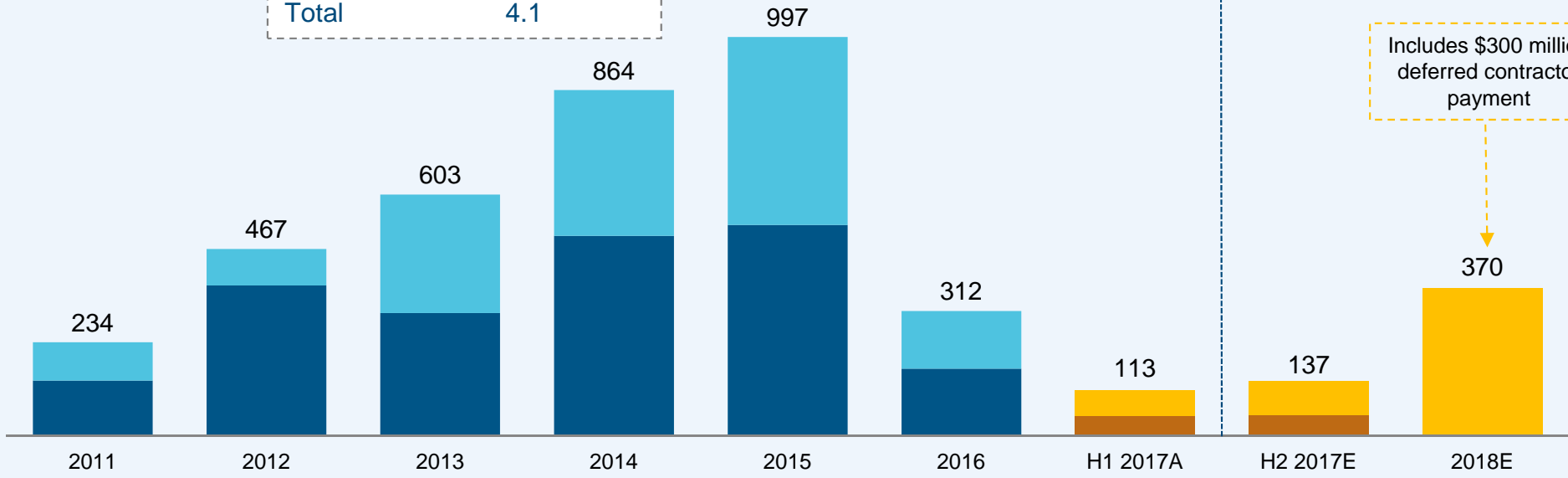


## Major growth projects capex (\$m)

- Aktogay
- Bozshakol

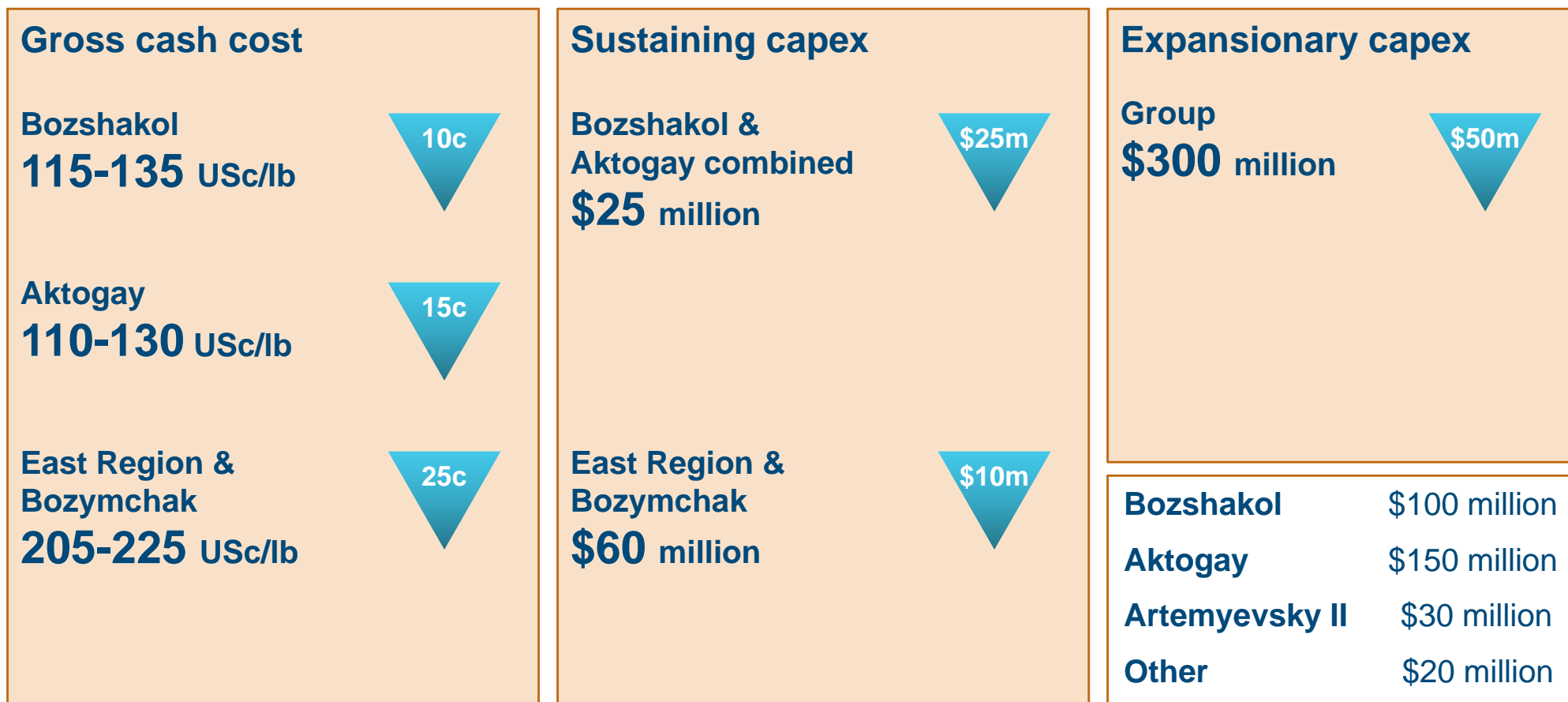
Project Budgets (\$ billion):	
Bozshakol	2.1
Aktogay	<u>2.0</u>
Total	4.1

- Aktogay
- Bozshakol





# 2017 FINANCIAL GUIDANCE



# PXF AMENDED AND EXTENDED



- ▶ Amendment and restatement signed on 8 June 2017, increased to \$600 million
- ▶ Monthly principal repayments from July 2018, final maturity extended to June 2021
- ▶ Variable margin, from \$ LIBOR +3.0% to 4.5%, based on net debt/EBITDA ratio
- ▶ Enlarged syndicate of 12 banks – 8 existing lenders plus 4 new banks
- ▶ \$224 million drawn under the existing facility as at 31 May 2017, increased to \$300 million under the new facility as at 30 June 2017

## Debt facilities summary

	CDB Bozshakol & Bozymchak	CDB Aktogay	DBK Aktogay	CAT facility	PXF facility
Maturity	2025	2029	2025	2019	2021
Covenants	Balance sheet covenants only			Net debt/EBITDA	
Balance <sup>1</sup> \$m	Fully drawn 1,631 <sup>2</sup>	Fully drawn 1,470 <sup>2</sup>	Fully drawn 300 <sup>2</sup>	40 available	300 drawn, 300 available

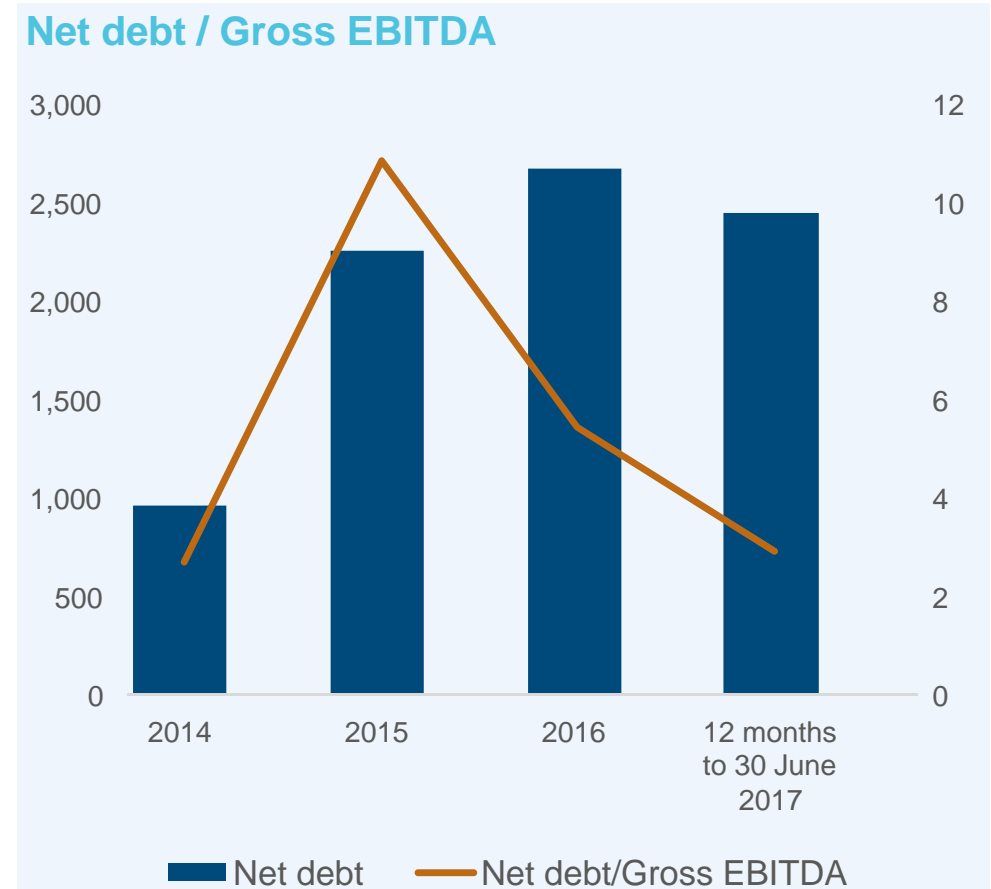
### Notes:

1. Based on drawn debt facilities as drawn at 30 June 2017.
2. Excludes unamortised arrangement fees.

# FINANCIAL POSITION STRENGTHENING



- ▶ Gross EBITDA of \$505 million, increased by 244% (H1 2017: \$147 million)
- ▶ Net debt decreased to \$2,442 million at 30 June 2017, from \$2,669 million at 31 Dec 2016
- ▶ \$1,563 million of available liquidity as at 30 June 2017
- ▶ Gearing metrics improving rapidly



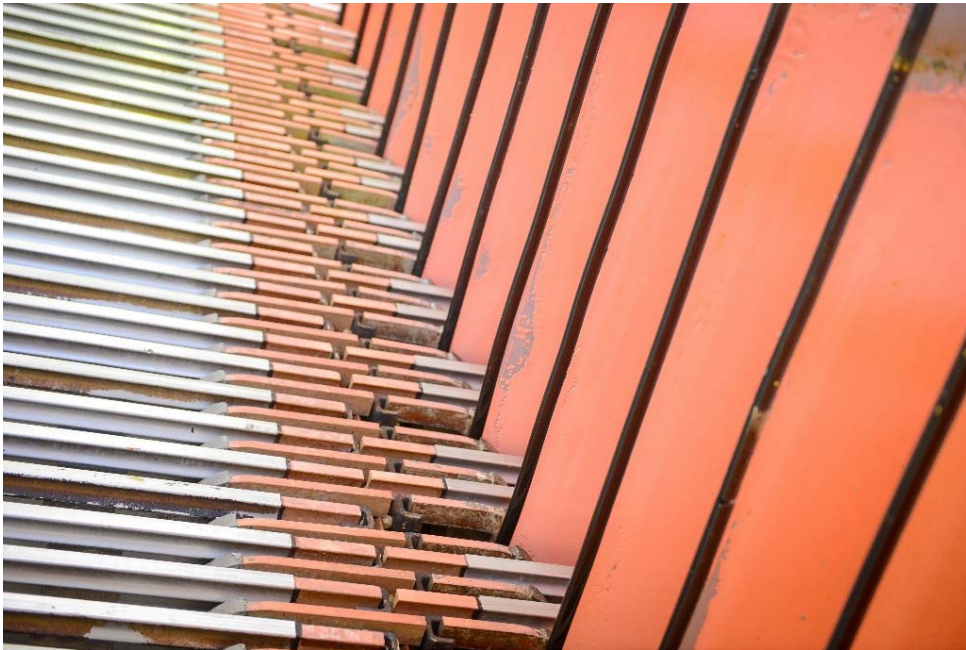


## **6. Achieving our potential**



# ACHIEVING OUR POTENTIAL

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- ▶ High growth continuing as new mines complete ramp up
- ▶ Amongst the lowest cost copper producers globally in H1 2017, 64 USc/lb net cash cost
- ▶ Financial position materially strengthened and gearing levels reducing rapidly
- ▶ Major growth projects \$3.6 billion capex already invested
- ▶ Delivering growth into an improving market for copper



# APPENDIX

# SUMMARY INCOME STATEMENT



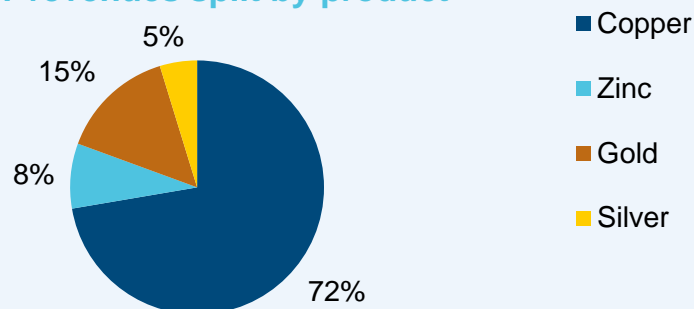
## Key line items

\$m (unless otherwise stated)	H1 2017	H1 2016
<b>Revenues<sup>1</sup></b>	<b>721</b>	<b>302</b>
Cost of sales	(344)	(170)
Gross profit	377	132
<b>Operating profit</b>	<b>291</b>	<b>68</b>
Net finance income/(costs)	(51)	23
<b>Profit before taxation</b>	<b>240</b>	<b>91</b>
Income tax expense	(55)	(18)
<b>Profit for the year</b>	<b>185</b>	<b>73</b>
<b>EPS based on Underlying Profit (\$)</b>	<b>0.44</b>	<b>0.17</b>

## Reconciliation of Underlying Profit

\$m	H1 2017	H1 2016
<b>Net profit attributable to equity shareholders of the Company</b>	<b>185</b>	<b>73</b>
Special items	10	3
<b>Total Underlying Profit</b>	<b>195</b>	<b>76</b>

## H1 2017 revenues split by product<sup>1</sup>



### Notes:

1. Excludes pre-commercial production revenues: H1 2017 \$116 million (Bozshakol \$21 million, Aktogay sulphide \$95 million), H1 2016 \$61 million (Bozshakol \$45 million, Aktogay oxide \$16 million).

# REVENUES AND SALES VOLUMES (COMMERCIAL PRODUCTION ONLY)



## Revenues<sup>1</sup>

\$m	H1 2017	H1 2016
Copper cathode	266	199
Copper in concentrate	251	3
Zinc in concentrate	59	40
Gold bar	31	32
Gold in concentrate	75	5
Silver bar	27	21
Silver in concentrate	7	-
Other	5	2
<b>Total revenues</b>	<b>721</b>	<b>302</b>

## Average realised prices

	H1 2017	H1 2016
Copper cathode (\$/t)	5,799	4,711
Copper in concentrate (\$/t) <sup>3</sup>	5,251	3,400
Zinc in concentrate (\$/t)	1,850	1,021
Gold bar (\$/oz)	1,236	1,231
Gold in concentrate (\$/oz) <sup>3</sup>	1,265	1,063
Silver bar (\$/oz)	17.4	16.1
Silver in concentrate (\$/oz) <sup>3</sup>	17.0	-

## Sales volumes<sup>1</sup>

kt (unless otherwise stated)	H1 2017	H1 2016
Copper cathode	46	42
Copper in concentrate <sup>2</sup>	48	1
Zinc in concentrate	32	39
Gold bar (koz)	25	25
Gold in concentrate (koz) <sup>2</sup>	59	5
Silver bar (koz)	1,594	1,309
Silver in concentrate (koz) <sup>2</sup>	361	-

## LME and LBMA Prices

	H1 2017	H1 2016
Copper (\$/t)	5,748	4,701
Zinc (\$/t)	2,690	1,799
Gold (\$/oz)	1,238	1,221
Silver (\$/oz)	17.3	15.8

### Notes:

1. Excludes pre-commercial activities, revenues and volumes of Aktogay sulphide and Bozshakol clay in H1 2017 and Aktogay oxide and Bozshakol sulphide in H1 2016.
2. Payable metal in concentrate sold.
3. After the deduction of processing charges.



# GROSS REVENUES AND SALES VOLUMES



## Gross Revenues<sup>1</sup>

\$m	H1 2017	H1 2016
Copper cathode	301	215
Copper in concentrate	331	35
Zinc in concentrate	59	40
Gold bar	31	32
Gold in concentrate	75	17
Silver bar	27	21
Silver in concentrate	8	1
Other	5	2
<b>Total revenues</b>	<b>837</b>	<b>363</b>

## Average realised prices

	H1 2017	H1 2016
Copper cathode (\$/t)	5,793	4,714
Copper in concentrate (\$/t) <sup>3</sup>	5,238	3,970
Zinc in concentrate (\$/t)	1,850	1,021
Gold bar (\$/oz)	1,236	1,231
Gold in concentrate (\$/oz) <sup>3</sup>	1,265	1,239
Silver bar (\$/oz)	17.4	16.1
Silver in concentrate (\$/oz) <sup>3</sup>	16.9	16.5

## Sales volumes<sup>1</sup>

kt (unless otherwise stated)	H1 2017	H1 2016
Copper cathode	52	46
Copper in concentrate <sup>2</sup>	63	9
Zinc in concentrate	32	39
Gold bar (koz)	25	25
Gold in concentrate (koz) <sup>2</sup>	59	14
Silver bar (koz)	1,594	1,309
Silver in concentrate (koz) <sup>2</sup>	449	74

## LME and LBMA Prices

	H1 2017	H1 2016
Copper (\$/t)	5,748	4,701
Zinc (\$/t)	2,690	1,799
Gold (\$/oz)	1,238	1,221
Silver (\$/oz)	17.3	15.8

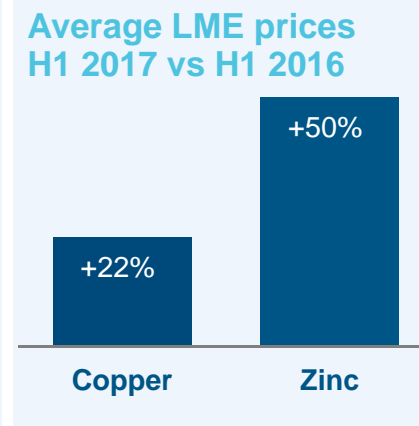
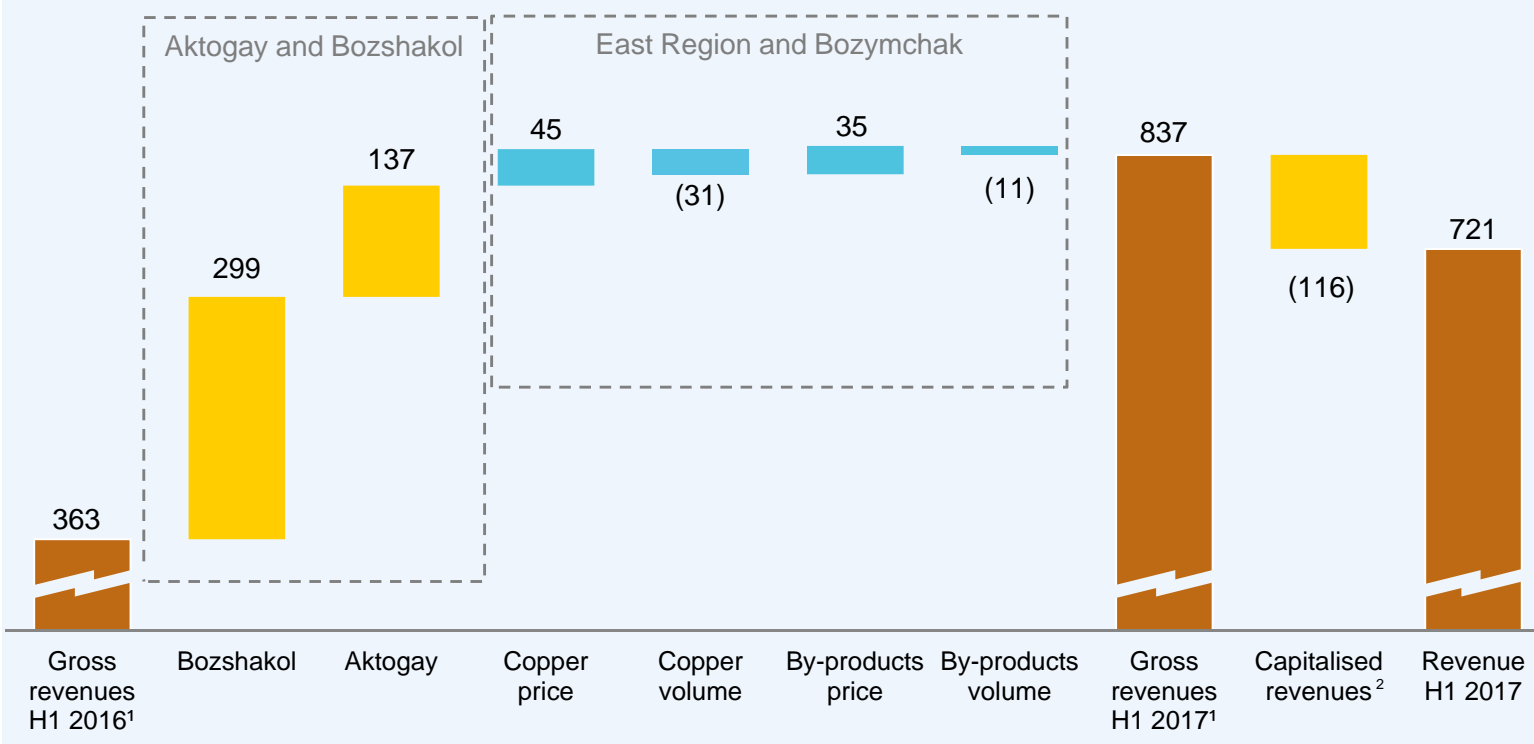
### Notes:

1. Includes pre-commercial activities, therefore includes Bozshakol and Aktogay for the full period.
2. Payable metal in concentrate sold.
3. After the deduction of processing charges.

# REVENUE RECONCILIATION



## Volume growth and favourable commodity prices (\$m)



**Notes:**

1. Includes pre-commercial production revenues: H1 2017 \$116 million (Bozshakol \$21 million, Aktogay \$95 million), H1 2016 \$61 million (Bozshakol \$45 million, Aktogay \$16 million).
2. Revenues relating to pre-commercial production activities at Bozshakol (\$21 million) and Aktogay (\$95 million) are capitalised and therefore excluded from revenues.

# EBITDA<sup>1</sup> RECONCILIATION



## EBITDA by operating segment

\$m	H1 2017	H1 2016
Bozshakol	242	23
East Region and Bozymchak	180	134
Aktogay <sup>2</sup>	93	2
Corporate services	(10)	(12)
<b>Gross EBITDA<sup>3</sup></b>	<b>505</b>	<b>147</b>
Less: Capitalised pre-commercial production EBITDA	(76)	(32)
Bozshakol	(12)	(28)
Aktogay <sup>2</sup>	(64)	(4)
<b>EBITDA</b>	<b>429</b>	<b>115</b>

### Notes:

1. EBITDA (excluding MET, royalties and special items).
2. Aktogay has been included as a separate segment in the current period and was reported within Mining Projects in the prior year period.
3. Gross EBITDA (excluding MET, royalties and special items) includes all operations, including the period prior to commercial production.

# CASH FLOW



\$m	H1 2017	H1 2016
<b>EBITDA<sup>1</sup></b>	<b>429</b>	<b>115</b>
Working capital movements <sup>2</sup>	(31)	(34)
Interest paid	(114)	(85)
MET and royalties paid <sup>2</sup>	(66)	(26)
Income tax paid	(47)	(15)
Foreign exchange and other movements	7	2
<b>Net cash flows from/(used in) operating activities before other expenditure and non-current VAT associated with major growth projects</b>	<b>178</b>	<b>(43)</b>
Sustaining capital expenditure	(23)	(22)
<b>Free Cash Flow</b>	<b>155</b>	<b>(65)</b>
Expansionary and new project capital expenditure <sup>3</sup>	(85)	(197)
Non-current VAT associated with major growth projects	159	(20)
Proceeds from disposal of property, plant and equipment	-	1
Interest received	7	4
Other	(1)	(1)
<b>Cash flow movement in net debt</b>	<b>235</b>	<b>(278)</b>

## Notes:

1. EBITDA (excluding MET, royalties and special items).
2. Excludes working capital and MET movements arising from pre-commercial production activities at the Bozshakol and Aktogay operations.
3. Capital expenditure includes the capitalisation or revenues, costs and working capital outflows during the period of pre-commercial production.

# SUMMARY BALANCE SHEET



## Assets

\$m	H1 2017	2016	H1 2016
Non-current assets	3,540	3,536	3,212
Gross liquid funds	1,223	1,108	1,056
Other current assets	496	413	271
<b>Total</b>	<b>5,259</b>	<b>5,057</b>	<b>4,539</b>

## Non-current assets

\$m	H1 2017	2016	H1 2016
Intangible assets	7	8	7
Tangible assets	3,217	3,092	2,879
Other non-current assets	242	364	260
Deferred tax asset	74	72	66
<b>Total</b>	<b>3,540</b>	<b>3,536</b>	<b>3,212</b>

## Equity & liabilities

\$m	H1 2017	2016	H1 2016
Equity	840	536	384
Borrowings	3,665	3,777	3,587
Other liabilities	754	744	568
<b>Total</b>	<b>5,259</b>	<b>5,057</b>	<b>4,539</b>

## Net debt

\$m	H1 2017	2016	H1 2016
Gross liquid funds	1,223	1,108	1,056
Borrowings	(3,665)	(3,777)	(3,587)
<i>Long-term</i>	(3,399)	(3,446)	(3,277)
<i>Short-term</i>	(266)	(331)	(310)
<b>Total</b>	<b>(2,442)</b>	<b>(2,669)</b>	<b>(2,531)</b>



# DEBT FACILITIES



Facility	Maturity and interest rate	Balance as at 30 June 2017 <sup>1</sup>
<b>CDB Bozshakol/Bozymchak</b>	<b>Final maturity 2025</b> <ul style="list-style-type: none"> <li>▶ \$ LIBOR + 4.5%</li> <li>▶ Semi-annual principal and interest payments</li> </ul>	<b>Fully drawn – \$1,631 million</b> <ul style="list-style-type: none"> <li>▶ Balance sheet covenant</li> </ul>
<b>CDB Aktogay</b>	<b>Final maturity 2029</b> <ul style="list-style-type: none"> <li>▶ \$ LIBOR + 4.2% (USD facility)</li> <li>▶ PBoC 5 year (RMB facility)</li> <li>▶ USD facility - semi-annual principal payments due from March 2018; semi-annual interest payments</li> <li>▶ RMB facility - quarterly interest payments</li> </ul>	<b>Fully drawn – \$1,470 million</b> <ul style="list-style-type: none"> <li>▶ Balance sheet covenant</li> </ul>
<b>DBK Aktogay</b>	<b>Final maturity 2025</b> <ul style="list-style-type: none"> <li>▶ \$ LIBOR + 4.5%</li> <li>▶ Semi-annual principal payments due from June 2018</li> <li>▶ Semi-annual interest payments (USD)</li> </ul>	<b>Fully drawn – \$300 million</b> <ul style="list-style-type: none"> <li>▶ Balance sheet covenant</li> </ul>
<b>PXF</b>	<b>Final maturity 2021</b> <ul style="list-style-type: none"> <li>▶ Margin based on net debt/EBITDA ratio                             <ul style="list-style-type: none"> <li>- between \$ LIBOR +3.0% to 4.5%</li> </ul> </li> <li>▶ Monthly interest payments</li> <li>▶ Monthly principal repayments from July 2018 to June 2021</li> </ul>	<b>Part drawn – \$300 million drawn</b> <ul style="list-style-type: none"> <li>▶ New \$600m PXF signed on 9 June 2017                             <ul style="list-style-type: none"> <li>- Extended final maturity by 2.5 years to June 2021</li> <li>- Monthly principal repayments from July 2018</li> </ul> </li> </ul>
<b>Caterpillar RCF</b>	<b>Final maturity 2019</b> <ul style="list-style-type: none"> <li>▶ \$ LIBOR +4.25%</li> <li>▶ Flexible interest periods, 1, 2 or 3 months</li> </ul>	<b>\$40 million facility – undrawn</b> <ul style="list-style-type: none"> <li>▶ Financial covenants identical to PXF facility</li> <li>▶ Revolving facility</li> </ul>

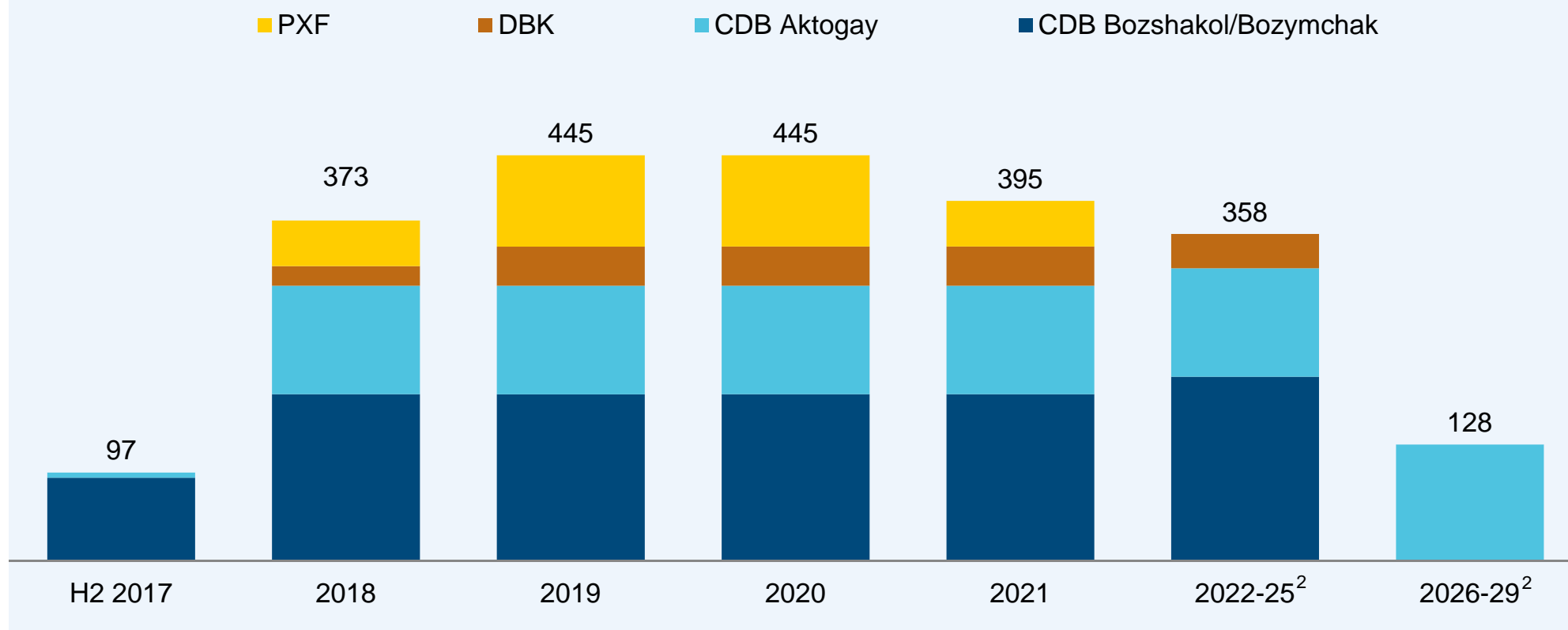
Notes:

1. Drawn amount excludes amortised net fees. Total unamortised arrangement fees \$36 million.

# DEBT REPAYMENT PROFILE



## Repayment Profile<sup>1</sup> (\$m)



Notes:

1. Based on drawn debt facilities at 30 June 2017.
2. Average debt repayments per annum.

# GROUP CASH COST RECONCILIATION



\$m (unless otherwise stated)	H1 2017	H1 2016	2016	2015 <sup>1</sup>
Copper sales (kt)	115	54	141	79
Revenues	721	302	766	665
EBITDA <sup>2</sup>	(439)	(127)	(375)	(240)
Pre-commercial production <sup>3</sup>	40	29	62	6
Cost of purchased copper cathode	-	-	-	(28)
TC/RCs and other adjustments	45	2	31	-
<b>Gross cash cost</b>	<b>367</b>	<b>206</b>	<b>484</b>	<b>403</b>
<b>Gross cash cost (USc/lb)</b>	<b>144</b>	<b>173</b>	<b>156</b>	<b>230</b>
By-product credits	(205)	(113)	(300)	(212)
Net cash costs	162	93	184	191
<b>Net cash cost (USc/lb)</b>	<b>64</b>	<b>78</b>	<b>59</b>	<b>109</b>

## Notes:

1. Reflects East Region and Bozymchak operations only.
2. EBITDA (excludes MET, royalties and special items).
3. Cash operating costs capitalised during the period prior to commercial production.

# RESTRUCTURING OCTOBER 2014



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