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

22 February 2018

KAZ MINERALS PLC AUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017

FINANCIAL HIGHLIGHTS

- **Gross Revenues double to $1,938 million (2016: $969 million) as the Group delivers production growth into stronger commodity markets**
  - 2017 full year copper sales volumes of 256 kt (2016: 141 kt)
  - Revenues in income statement of $1,663 million (2016: $766 million), excluding $275 million of pre-commercial revenues
- **Gross EBITDA of $1,235 million (2016: $492 million) driven by low cost volume growth**
  - Gross EBITDA margin of 64% (2016: 51%)
  - EBITDA of $1,038 million (2016: $351 million), excludes $197 million of pre-commercial earnings
  - Operating profit increased by over three times to $715 million (2016: $218 million)
- **Highly competitive net cash cost of 66 USc/lb (2016: 59 USc/lb), all operations in the first quartile of the cost curve in FY 2017**
  - Bozshakol gross cash cost of 121 USc/lb (2016: 106 USc/lb) at lower end of guidance range of 115-135 USc/lb and competitive net cash cost of 54 USc/lb (2016: 27 USc/lb), supported by strong gold production[3]
  - Aktogay net cash cost of 98 USc/lb (2016: 114 USc/lb). Gross cash cost of 100 USc/lb (2016: 114 USc/lb) was below guidance of 110-130 USc/lb due to higher average copper grade, lower maintenance expenditure and muted inflationary pressure
  - East Region and Bozymchak net cash cost of 42 USc/lb (2016: 68 USc/lb), due to gross cash costs of 208 USc/lb (2016: 191 USc/lb) at bottom of guidance range (205-225 USc/lb) and higher by-product credits
- **Free Cash Flow of $452 million (2016: $(60) million)**
  - Driven by growth in operating cash flows and low sustaining capital expenditure requirements
  - Cash flow from operations of $752 million (2016: $(98) million)

OPERATIONAL HIGHLIGHTS

- **Copper production[2] increased by 80% and gold production[3] 40% higher compared to prior year**
  - Bozshakol and Aktogay contribute 192 kt of the Group's copper production[2] of 259 kt in 2017 as sulphide concentrators ramp up
  - 179 koz of gold production[3] was at upper end of the Group's increased guidance range of 160-180 koz

2018 GROWTH OUTLOOK

- **Group copper production[2] guidance set at 270-300 kt, as higher throughput is expected to be offset by slightly lower average copper grades in FY 2018**
  - Bozshakol expected to produce 95-105 kt with an average sulphide ore processed grade of 0.44%
  - Aktogay sulphide to ramp up to 90-105 kt and oxide 20-25 kt
  - East Region and Bozymchak copper production[2] expected to remain stable in 2018 at around 65 kt
  - Gross cash cost guidance of 130-150 USc/lb at Bozshakol and 110-130 USc/lb at Aktogay, due to expected reduction in grades and as normal maintenance schedules are established
  - East Region and Bozymchak gross cash cost guidance of 230-250 USc/lb, reflecting lower sales volumes and local inflation, with by-product credits expected to deliver a first quartile net cash cost.

$ million (unless otherwise stated)	2017	2016
Gross Revenues[1,4]	**1,938**	969
Gross EBITDA[1,5,8]	**1,235**	492
Revenues	**1,663**	766
EBITDA (excluding special items)[1,8]	**1,038**	351
Operating profit	**715**	218
Profit before taxation	**580**	220
Underlying Profit[1]	**476**	180
EPS – basic and diluted ($)	**1.00**	0.40
EPS – based on Underlying Profit ($)[1,6]	**1.07**	0.40
Cash flow from operations	**752**	(98)
Free Cash Flow[1,7]	**452**	(60)
Gross cash cost (USc/lb)[1]	**138**	156
Net cash cost (USc/lb)[1]	**66**	59
Net debt[1]	**2,056**	2,669

1 Definitions of non-IFRS financial metrics used throughout the press release are included in the Glossary.
2 Payable metal in concentrate and copper cathode from Aktogay oxide ore.
3 Payable metal in concentrate.
4 Includes revenues from pre-commercial operations.
5 Includes EBITDA from pre-commercial operations.
6 Reconciliation of EPS based on Underlying Profit is found in note 9 in the financial information.
7 Net cash flow from operating activities before capital expenditure and non-current VAT associated with expansionary and new projects, less sustaining capital expenditure.
8 Reconciliation to operating profit provided in note 4(a)(i) in the financial information.

Andrew Southam, Chief Executive Officer, said: "The Group has delivered high production growth and low operating costs in 2017. Following the successful ramp up to date of Bozshakol and Aktogay our asset base is now dominated by large scale, low cost, modern copper mines which are set to generate significant cash flows in the future. We have established a strong platform to deliver further growth in 2018 and from the expansion of Aktogay, which leaves us well positioned to benefit from the expected tightness in the copper market, as declining global supply coincides with continued growth in demand."

For further information please contact:

KAZ Minerals PLC

Chris Bucknall	Investor Relations, London	**Tel: +44 20 7901 7882**
Anna Mallere	Investor Relations, London	**Tel: +44 20 7901 7814**
Maksut Zhapabayev	Corporate Communications, Almaty	**Tel: +7 727 244 03 53**

Instinctif Partners

David Simonson		**Tel: +44 20 7457 2020**

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

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.

FORWARD-LOOKING STATEMENTS

These results include forward-looking statements with respect to the business, strategy and plans of KAZ Minerals and its current goals, assumptions and expectations relating to its future financial condition, performance and results. Although KAZ Minerals believes that the expectations reflected in such forward-looking statements are reasonable and are made by the Directors in good faith, based on current plans, estimates and projections no assurance can be given that such expectations will prove to be correct. By their nature, forward-looking statements involve known and unknown risks, assumptions and uncertainties and other factors which are unpredictable as they relate to events and depend on circumstances that will occur in the future which may cause actual results, performance or achievements of KAZ Minerals to be materially different from those expressed or implied in these forward-looking statements. Principal risk factors that could cause KAZ Minerals' actual results, performance or achievements to differ materially from those in the forward-looking statements include (without limitation) health and safety, community and labour relations, employees, environmental compliance, business interruption, new projects and commissioning, reserves and resources, political risk, legal and regulatory compliance, commodity prices, foreign exchange and inflation, exposure to China, acquisitions and divestment, liquidity and such other risk factors disclosed in KAZ Minerals' most recent Annual Report and Accounts. Forward-looking statements should therefore be construed in light of such risk factors. These forward-looking statements should not be construed as a profit forecast.

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

ANNUAL GENERAL MEETING

The 2018 Annual General Meeting will be held at 12.15pm on Thursday 3 May 2018 at Linklaters LLP, One Silk Street, London EC2Y 8HQ, United Kingdom.

The 2017 Annual Report and Accounts and details of the business to be conducted at the Annual General Meeting will be mailed to shareholders and posted on the Company's website (www.kazminerals.com) in late March 2018.

CHAIR'S STATEMENT

In 2017, the Group delivered against the key strategic goals we set out in 2014, completing our transformation into a pure-play copper company focused on large scale, low cost open pit mining in Kazakhstan. Copper production has more than tripled from 85 kt in 2015 to 259 kt in 2017. Our growth was delivered over a period in which the outlook for copper has improved significantly.

The Group recorded amongst the lowest cash costs of any pure-play copper miner globally in 2017, at 66 USc/lb. Having successfully ramped up production at our new operations, Bozshakol and Aktogay, we have also demonstrated our ability to deliver large scale capital projects which we will apply in the recently announced Aktogay expansion.

Health and safety

Improving the Group's health and safety performance remains our highest priority and I am disappointed to report that four fatalities occurred during the year. No fatality is acceptable to us and we continue to work towards our target of zero fatalities. We are committed to making additional investments, adopting international best practice and driving cultural change in this critical area of the business. In 2017, we approved a new three year strategy for improving our health and safety performance.

Delivering high growth and low costs

Over the past six years the Group has successfully executed the construction of two major growth projects, Bozshakol and Aktogay and we enter 2018 with both mines in the final stages of ramping up production to design capacity. With our project development capability now proven we are considering investment in further growth opportunities, although suitable projects are highly sought after in the current market environment given the positive outlook for copper. I am therefore pleased to have announced the launch of the Aktogay expansion in December 2017, a low risk project to construct a duplicate of the sulphide processing facilities we have previously commissioned at Bozshakol and Aktogay. The expansion will deliver meaningful production growth from 2022 and a strong return on investment.

Our contribution to Kazakhstan

KAZ Minerals is the largest copper producer in Kazakhstan. We are a major contributor to the national economy, having invested approximately $4 billion into the Bozshakol and Aktogay projects since 2011. Both mines are now generating economic growth, export earnings and tax contributions. The Group made a total tax contribution of $365 million in Kazakhstan in 2017.

Our investment in Kazakhstan will continue with the $1.2 billion expansion of the Aktogay project. The impact of the growth projects in Kazakhstan has been far more than purely financial as we have created employment opportunities, invested in the training and development of thousands of local personnel and prioritised the use of local contractors where possible. We are bringing new skills, technology and expertise into the country, helping to maximise the potential of its natural resources.

The Group's largely Kazakhstan based workforce has one of the highest levels of female representation of any major global mining company, at 24% of total employees and 23% of senior managers. We are proud to offer equality of opportunity to all current and potential future employees, regardless of ethnicity, gender or background.

Governance changes

Following consultation with its major shareholders, the Group announced a number of Board and management changes on 27 April 2017 which took effect from the start of 2018. Simon Heale decided to stand down from the Board having served eleven years as a Director including the past five as Chair. I would like to thank Simon for his valuable contribution over a period which included significant change, including the Restructuring in 2014 and the completion of our major growth projects. His advice and leadership will be greatly missed.

The Board considered the most appropriate leadership and governance structure to meet the challenges of the next stage of the Group's development. The result of the review conducted by the Board was that I should take on the role of Chair, including responsibility for leadership on strategy, government relations and business development. Andrew Southam has become Chief Executive Officer and is responsible for the day to day executive management of the Group. Andrew has a deep understanding of the business, its culture and stakeholders and was one of the key architects of the October 2014 Restructuring which created KAZ Minerals.

In the second half of 2017 we appointed a new Chief Financial Officer designate, John Hadfield, and an additional independent non-executive Director, Alison Baker. Both John and Alison bring extensive experience to the Group and will make an important contribution as we enter the next stage of our development.

In recognition of the need to maintain the Group's existing high standards of corporate governance the Board appointed Michael Lynch-Bell, Senior Independent Director, to the additional role of Deputy Chair. As Deputy Chair, Michael has responsibility for matters related to Board governance including the annual review of Board effectiveness, the leadership of the Nomination Committee and acting as an intermediary between non-executive Directors and the Chair.

Dividends

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

The Group has a strong record of payments to shareholders, with returns of $2,095 million in ordinary dividends, buy-backs and special dividends since its Listing in 2005. Dividend payments were suspended from 2013 during the capital intensive stages of the development of the Bozshakol and Aktogay projects. This has supported the pursuit of a counter-cyclical growth strategy through a period of low commodity prices and helped to deliver value for shareholders.

Whilst the outlook for the Group's financial position is positive given the ramp up of Bozshakol and Aktogay and the improved copper market, the Group has invested heavily in these projects and it is our near-term priority to continue to reduce our gearing metrics. Accordingly, the Board does not recommend a dividend in respect of the 2017 financial year. The Board will continue to assess the Group's financial position, cash flows and growth requirements in determining when to resume dividends in the future.

Outlook

The outlook for the global copper market is improving, as supply from existing mines continues to decline and additional output from new projects has been delayed. There is also potential for supply disruption in the short term which could affect a market that is tightly balanced. In the medium term, economic growth is expected to drive demand from traditional sources, combined with the potential development of new markets for copper such as the increased adoption of clean energy generation and electric vehicles.

The cash flow generated by our low cost assets in 2017 has materially strengthened the Group's financial position and we are investing in a low risk project to deliver further growth through the expansion of Aktogay. I am proud to take on the role of Chair of the Group at this time and I look forward to meeting the challenges ahead as we continue with the next stage of our development.

CHIEF EXECUTIVE OFFICER'S REVIEW

KAZ Minerals has continued the ramp up of production at the new Bozshakol and Aktogay mines in 2017, resulting in an 80% increase in copper output and 40% higher gold production. This is the ninth consecutive year in which the Group has achieved its guided copper production target and our third year as a first quartile producer on the global copper cash cost curve, with a net cash cost of 66 USc/lb.

Health and safety

I am disappointed to report that four fatalities occurred during 2017 in the Group's underground mines in the East Region of Kazakhstan. Two incidents resulted from electrical safety failures, one from rock fall and one from contact with moving machinery. The causes of these incidents have already been identified as key fatality risks and are the subject of ongoing programmes aimed at improving safety standards in our underground operations. No fatality is acceptable to us and we continue to work towards our goal of zero fatalities.

The number and frequency rate of fatalities in 2017 have reduced compared to the prior year and this is a continuation of a long term trend of improvement in our overall health and safety performance. We have operated our open pit facilities at Bozshakol, Aktogay and Bozymchak without any fatal incidents since each of these mines commenced production, for a combined total of 25 million man hours.

Looking ahead to 2018, we will be investing in improvements to our emergency response capabilities and increasing direct supervision of working practices at mine sites. We will also continue with a newly established programme of workshops and other communication initiatives aimed at sharing best practice across the Group. In the coming year these events will focus on improving leadership, culture and behaviour and applying lessons learned from incident investigations and near-misses.

Our people

The Group employs approximately 11,800 staff in Kazakhstan and 1,200 at its Bozymchak operation in Kyrgyzstan. Around 5,000 contractor employees are also active on our sites. We are committed to ensuring that employees receive fair remuneration, are provided with a safe working environment and continue their professional development. The Group takes a long-term view of building capability amongst its staff, recognising their critical role in our successes to date and in meeting future challenges. I would like to thank all my colleagues for their contributions in 2017 and for their ongoing commitment to our future success.

Review of operations

The ramp up of our new mines proceeded in line with management expectations in 2017, with the 25 million tonne per annum Bozshakol sulphide concentrator achieving 100% of design capacity in August. The smaller 5 million tonne clay processing plant at Bozshakol ramped up to 82% of capacity in the fourth quarter of 2017, after commencing production at the end of 2016. Total copper production at Bozshakol in 2017 was 101 kt, an increase of 111% compared to 2016.

The Aktogay sulphide concentrator started production in February 2017 and ramped up ahead of schedule. Combined sulphide and oxide copper production was 90 kt against initial guidance of 65-85 kt, five times higher than the 18 kt produced in 2016 from the oxide plant. The sulphide concentrator achieved commercial levels of production at the end of September in line with guidance and remains on track to achieve 100% of design capacity during 2018.

At the East Region and Bozymchak, copper production of 67 kt exceeded the target for the year of around 65 kt and gold production of 59 koz was at the upper end of guidance. Works to extend the life of the Artemyevsky mine continued according to the project plan.

The Group produced 259 kt of copper in 2017, at the upper end of the original guidance range of 225-260 kt given at the start of the year and in line with the revised guidance range of 250-270 kt set in the second half, following good progress with the ramp up at Aktogay. Gold production of 179 koz was at the upper end of expectations, supported by high gold grades at Bozshakol and strong output from Bozymchak. Silver production was in line with guidance at 3,506 koz, with lower silver grades in the East Region in the fourth quarter offset by the contribution from both Bozshakol and Aktogay. Zinc in concentrate production of 58 kt was below guidance of 60-65 kt, as access to high zinc grade areas in the East Region mines was deferred.

Production outlook

With Bozshakol entering 2018 at close to full capacity and Aktogay scheduled to ramp up to 100% of mill throughput during the year, guidance for copper production in 2018 is set at 270-300 kt.

Bozshakol will benefit from a full year of production at or near design levels in both the main sulphide concentrator and the clay plant, although this will be offset by a decline in copper grade from the 0.53% processed in 2017. Copper production at Bozshakol is guided at 95-105 kt for 2018. At Aktogay, copper guidance is set at 110-130 kt, consisting of 20-25 kt of copper cathode from oxide ore and 90-105 kt from sulphide ore. Copper production in the East Region and Bozymchak is expected to remain stable at around 65 kt.

Zinc in concentrate production is guided to be in the region of 60 kt in 2018. Gold production in 2018 is expected to be slightly lower at 160-175 koz, as gold grades at Bozshakol and Bozymchak reduce from the elevated levels processed in 2017. Silver output is anticipated to be approximately 3,000 koz.

Financial performance

The Group generated $1,663 million of revenues in 2017, excluding pre-commercial sales from the Aktogay sulphide concentrator and the Bozshakol clay plant. Gross Revenues, including $275 million of pre-commercial sales, were $1,938 million. 75% of the increase in Gross Revenues was a result of higher production volumes compared to the prior year as Bozshakol and Aktogay ramped up and the remaining 25% of the increase resulted from stronger commodity prices. The average LME copper price in 2017 of $6,163/t was 27% above the 2016 average of $4,860/t, reaching a four year high of approximately $7,250/t in the fourth quarter.

All of the Group's assets recorded net cash costs in the first quartile of the global cash cost curve and the consolidated Group net cash costs were an industry leading 66 USc/lb. Our competitive unit costs are based on low strip ratios, low energy, water and transport costs, high levels of automation, strong by-product credits and access to markets for the Group's products. Many of these factors are structural features of our asset portfolio.

At Bozshakol, gross cash costs of 121 USc/lb were in line with guidance of 115-135 USc/lb. Gold production for the year of 119 koz was at the upper end of guidance, delivering a highly competitive net cash cost of 54 USc/lb.

Aktogay's ramp up in 2017 delivered production volumes ahead of expectations at the beginning of the year, reducing unit costs and resulting in a combined gross cash cost from oxide and sulphide operations of 100 USc/lb, slightly below the lower end of the guidance range of 110-130 USc/lb. Small quantities of payable silver delivered a net cash cost of 98 USc/lb, placing Aktogay in the first quartile of the cost curve in its first year of operations at the main sulphide plant.

Gross cash costs in the East Region and Bozymchak increased by 9% from 191 USc/lb in 2016 to 208 USc/lb, against 2017 guidance of 205-225 USc/lb. Strong by-product output resulted in net cash costs of 42 USc/lb (2016: 68 USc/lb).

The Group recorded EBITDA of $1,038 million, representing an EBITDA margin of 62%. Gross EBITDA, which includes pre-commercial earnings of $197 million from Aktogay sulphide and the Bozshakol clay plant, was $1,235 million. Operating profit increased by 228% compared to the prior year, to $715 million. Underlying Profit was $476 million and earnings per share based on Underlying Profit increased by 168% to $1.07, from $0.40 in 2016. Free Cash Flow increased to $452 million due to the ramp up of the new mines, which delivered $512 million higher operating cash flows. The Group also received $243 million of VAT refunds relating to the construction of the major growth projects.

Net debt reduced from $2,669 million at the 2016 year end to $2,056 million at the end of 2017, supported by strong operating cash flow and lower than expected project-funded expansionary capital expenditure of $196 million against guidance of $300 million. Around half of the unspent capital expenditure will be carried over into 2018. Gross borrowings were $3,877 million at the year end and cash and cash equivalents were $1,821 million, as the extended $600 million PXF facility signed in June was fully drawn down in December. The Group's gearing metrics strengthened significantly in 2017 with the ratio of net debt to Gross EBITDA falling to 1.7x, from 5.4x in 2016.

Financial guidance

Following two full years of operations at Bozshakol, normal maintenance cycles are being established and a slightly lower average copper grade is expected in the 2018 mine plan. Gross cash costs are therefore expected to increase to 130-150 USc/lb. At Aktogay, there will be downward pressure on unit costs as processing volumes continue to ramp up, offset by lower grades and higher maintenance expenses after the initial ramp up period, resulting in gross cash cost guidance of 110-130 USc/lb for 2018. Gross cash costs in the East Region and Bozymchak are expected to rise in line with local inflation and reduced sales volumes, to 230-250 USc/lb.

Expansionary capital expenditures of up to $350 million will be incurred at Aktogay in 2018 in respect of the original project, to settle $300 million of deferred invoices outstanding with the main construction contractor and on construction of the final stage of heap leach cells for the oxide operation. Expenditure on the Aktogay expansion project will commence in 2018, with $200 million expected to be spent on purchasing long lead items and other early project costs. At Bozshakol project capital expenditure of around $40 million will be incurred in 2018 for final contractor retention payments. $40 million will be invested in the East Region and Bozymchak, mainly for the expansion of the Artemyevsky mine, resulting in total expansionary capital expenditure guidance of $630 million for 2018.

Sustaining capital expenditure in 2018 is expected to be in the region of $35 million at Bozshakol, approximately $30 million at Aktogay and around $50 million in the East Region and Bozymchak.

Investing in growth

The growth phase associated with the delivery of Bozshakol and the first stage of the Aktogay project is now largely complete and the Group is preparing to embark on the next phase of its development.

In December 2017, we announced the Board's approval of a $1.2 billion project to double sulphide ore processing capacity at Aktogay through the construction of an additional concentrator, identical to the facilities already successfully installed at both Bozshakol and Aktogay. This project represents a low risk brownfield expansion which will enable us to add approximately 80 kt to the Group's annual copper output in the period 2022-2027 and 60 kt thereafter. The mine life of Aktogay will reduce from over 50 years to 28 years as processing volumes are brought forward.

The Koksay copper deposit, situated close to Almaty in the south east of Kazakhstan, represents a future growth option, although the Aktogay expansion project is the immediate priority.

Outlook

The Group has delivered another year of high production growth in 2017 as Bozshakol and Aktogay have continued to ramp up. Our asset base now mainly consists of large scale, low cost copper mines which are set to generate significant cash flows in the future. We have established a strong platform and we are well positioned to benefit from the expected tightness in the copper market, as declining global supply coincides with continued growth in demand.

OPERATING REVIEW

The Group's operations in 2017 comprised the Bozshakol and Aktogay open pit copper mines in the Pavlodar and East regions of Kazakhstan, three underground mines in the East Region of Kazakhstan, the Bozymchak copper-gold mine in Kyrgyzstan and their associated concentrators.

Group production summary

kt (unless otherwise stated)	**2017**	2016
Copper production	**258.5**	143.5
Bozshakol	**101.3**	48.0
Aktogay	**90.2**	18.1
East Region and Bozymchak	**67.0**	77.4
Zinc in concentrate	**57.6**	75.4
Gold production (koz)	**178.7**	127.7
Silver production (koz)	**3,506**	3,284

Group copper production of 258.5 kt was an 80% increase from the prior year and in line with market guidance as Bozshakol and Aktogay ramped up. Bozshakol production more than doubled as throughput at the primary concentrator increased and the clay plant achieved commercial production in July 2017. At Aktogay, output increased from 18.1 kt to 90.2 kt, driven by the commissioning of the sulphide plant in February 2017, which recorded copper production of 65.1 kt in its first year of operations and benefited from elevated grades. As expected, production from East Region and Bozymchak reduced following the closure of the Yubileyno-Snegirikhinsky mine at the end of 2016.

Gold production of 178.7 koz was 40% above the prior year and at the upper end of market guidance. Silver production of 3,506 koz was in line with forecast. Zinc in concentrate output of 57.6 kt was below the prior year and guidance due to delayed access to higher grade zones in the East Region.

Group financial summary

$ million (unless otherwise stated)	**2017**	2016
Sales volumes[1]		
Copper sales (kt)	**256**	141
Gold sales (koz)	**169**	120
Silver sales (koz)	**3,759**	3,026
Zinc in concentrate (kt)	**57**	75
Gross Revenues[1]	**1,938**	969
Realised price: copper in concentrate ($/t)[1]	**5,804**	4,483
Realised price: copper cathode ($/t)[1]	**6,233**	4,898
Gross EBITDA (excluding special items)[1]	**1,235**	492
EBITDA (excluding special items)	**1,038**	351
Gross cash costs (USc/lb)[1]	**138**	156
Net cash costs (USc/lb)[1]	**66**	59

1 Includes the results of operations throughout the year, including pre-commercial production.

Gross Revenues doubled from the prior year to $1,938 million, driven by the volume growth at Bozshakol and Aktogay and a higher copper price. The average LME copper price increased by 27%, from $4,860/t in the prior year to $6,163/t. With copper representing almost 80% of Gross Revenues, this price movement had a favourable impact of $183 million. Over half of the Group's gross copper revenues are now derived from the sale of copper in concentrate, whereas in the prior year the majority were derived from the sale of cathode. Copper in concentrate is sold by reference to the LME price minus a deduction for TC/RCs.

Gross EBITDA increased by over 150% benefiting from higher Gross Revenues and a greater proportion of output from the lower cost operations of Bozshakol and Aktogay. EBITDA, which excludes the results from operations during pre-commercial production, was $1,038 million. This is significantly higher than the prior year with 2017 benefiting from a full year of operations from Bozshakol sulphide and Aktogay oxide, which were declared commercial in the second half of 2016. A significant portion of the Group's costs are based in tenge, which strengthened slightly, trading at an average of 326 KZT/$ versus 342 KZT/$ in the prior year. Whilst this was an upward pressure on operating costs, actions taken by management combined with muted inflationary pressures ensured that costs were controlled.

The Group recorded a net cash cost of 66 USc/lb which continues to place the Group's operations competitively on the global cost curve and amongst the lowest of pure-play copper producers. The increase in net cash cost versus the prior year is due to a higher proportion of Aktogay volumes which reduce the gross cash cost, but increase the net cash cost as Aktogay has lower by-product credits.

BOZSHAKOL

The Bozshakol mine and on-site processing facilities are located in the north of Kazakhstan and have an annual ore processing capacity of 30 million tonnes and a mine life of 39 years at a copper grade of 0.35%. The main sulphide concentrator commenced production in the first quarter of 2016 and was declared commercial on 27 October 2016. The separate clay plant, which has a processing capacity of 5 million tonnes, began commissioning in the fourth quarter of 2016 with the first shipment of saleable material during the first quarter of 2017 and commercial production was achieved on 1 July 2017.

Production summary

kt (unless otherwise stated)	**2017**	2016
Ore extraction	**34,612**	28,272
Ore processed	**24,558**	11,068
Average copper grade processed (%)	**0.53**	0.56
Copper recovery rate (%)	**81**	80
Copper in concentrate	**106.0**	50.3
Copper production	**101.3**	48.0
Average gold grade processed (g/t)	**0.28**	0.33
Gold recovery rate (%)	**58**	58
Gold in concentrate (koz)	**127.2**	68.0
Gold production (koz)	**119.0**	64.2
Silver production (koz)	**687**	304

Ore processed volumes more than doubled to 24.6 million tonnes versus the prior year following the ramp up of the new processing plants. The main sulphide concentrator saw an increase in ore throughput from 10.9 million to 21.2 million tonnes in the year. The plant achieved 100% of design capacity during August and 93% for the third quarter. Throughput reduced in the fourth quarter to 80% following a 13-day shutdown for scheduled maintenance and other repairs in November. The concentrator returned to 91% throughput in December. Following the commissioning of the clay plant at the end of 2016, ramp up has progressed well, with ore throughput achieving 82% of design capacity during the fourth quarter. Ore processing at both concentrators is forecast to be close to design capacity during 2018.

Ore extraction increased by 22% versus the prior year, to 34.6 million tonnes, to support the higher processing volumes. Of the 34.6 million tonnes extracted in the year, 19.5 million related to sulphide ore and 15.1 million to clay material as there was a continued build-up of stockpiled clay material to enable access to sulphide ores. At 31 December 2017 there are approximately 33 million tonnes of stockpiled material available for processing at the clay plant.

Copper production of 101.3 kt was 111% above the prior year and in line with market guidance of 100-110 kt. The higher output reflected the increase in processing volumes, partially offset by an anticipated reduction in grades. The overall recovery rate increased from 80% to 81% in 2017, as an improvement in recovery at the sulphide plant was partially offset by lower recovery from the newly commissioned clay plant. Gold production of 119.0 koz was at the high end of market guidance of 110-120 koz and significantly above the prior year. Silver production of 687 koz was above market guidance of around 650 koz.

The majority of copper in concentrate production was dispatched to customers in China, with 11.3 kt of material sent for toll processing at the Balkhash smelter in Kazakhstan, where additional capacity on attractive terms was available.

Copper production in 2018 is forecast to be between 95-105 kt as the sulphide plant benefits from a full year of production close to 100% of design capacity. This will be offset by a reduction in the expected copper grade to around 0.44%. By-products from gold and silver of between 115-125 koz and around 500 koz respectively are expected in 2018. Testing of the molybdenum circuit started at the end of 2017 and production in 2018 will be dependent on successful commissioning and market conditions.

Financial summary

$ million (unless otherwise stated)	2017	2016
Gross Revenues[1]	**719**	280
Copper	**572**	202
Gold	**137**	73
Silver	**10**	5
Revenues	**698**	93
Sales volumes[1]		
Copper sales (kt)	**99**	45
Gold sales (koz)	**107**	60
Silver sales (koz)	**617**	286
Gross EBITDA (excluding special items)[1]	**515**	204
Capitalised EBITDA	**(12)**	(137)
EBITDA (excluding special items)	**503**	67
Gross cash costs (USc/lb)[1]	**121**	106
Net cash costs (USc/lb)[1]	**54**	27
Capital expenditure	**74**	104
Sustaining	**10**	–
Expansionary (direct project)	**57**	168
Expansionary (pre-commercial)	**7**	(64)

1 Includes sulphide and clay operations during the periods prior to commercial production.

Gross Revenues

Prior to the achievement of commercial production, revenues and operating costs were capitalised and not recognised in the income statement. Sulphide operations achieved commercial levels of production on 27 October 2016 and clay operations on 1 July 2017. The income statement for 2017 therefore excludes revenues and costs from clay operations during the first half of the year and the income statement for 2016 represents only sulphide operations from 27 October. Gross Revenues and Gross EBITDA include all revenues and operating costs, including periods prior to commercial production.

Gross Revenues increased by over 150%, driven by volume growth which contributed additional sales of $378 million. Favourable commodity prices contributed a further $61 million, mainly relating to the increase in copper price. Copper sales of 99 kt include 10 kt of material sold as copper cathode after processing at the Balkhash smelter. Revenues recorded in the income statement during the year of $698 million exclude $21 million of capitalised clay revenues from the first half of the year.

EBITDA (excluding special items)

Bozshakol contributed Gross EBITDA of $515 million, with EBITDA of $503 million excluding clay operations in the first half of the year. A strong EBITDA margin of over 70% has been maintained.

The gross cash cost is expressed on a unit of copper sales basis, after adjustment for the copper payable and TC/RC terms. The gross cash cost of 121 USc/lb for the year was in line with market guidance of 115-135 USc/lb. The gross cash cost has increased versus the prior year when costs benefited from several factors relating to the early nature of operations, including limited maintenance expenditure, the processing of higher grade material and the absence of clay operations, which have a higher operating cost, particularly during the early stages of ramp up. After deducting the by-product credits from gold and silver, the net cash cost for Bozshakol in 2017 was 54 USc/lb, which makes Bozshakol highly competitive on the global cost curve.

The gross cash cost for 2018 is estimated to be around 130-150 USc/lb which reflects the continued normalisation of operating costs as the plant and mine fleet enter their third year. Unit costs will also be impacted by the reduction in feed grades to 0.44% from 0.53% during 2017.

Capital expenditure

At 31 December 2017, construction activities were complete with final outstanding project capital payments of approximately $40 million to the principal contractor carried over into 2018. In 2017, direct capital expenditure on Bozshakol, excluding capitalised interest on debt facilities, was $57 million. This included $35 million in respect of the stockpiling of clay material to provide access to sulphide material. In addition, there was an outflow of $7 million from clay operations during the period prior to commercial production.

Sustaining capital requirements were low in 2017 given the early nature of operations, incurring expenditure of $10 million, mainly related to the overhaul of mining equipment. Sustaining capital is expected to increase to around $35 million in 2018, broadly in line with the expected life of mine average and reflecting the requirements of the mine fleet and both processing plants.

AKTOGAY

The Aktogay mine is a large scale, open pit operation similar to Bozshakol. Aktogay commenced production of copper cathode from oxide ore in December 2015 and achieved commercial production on 1 July 2016. The production of copper in concentrate from sulphide ore began in the first quarter of 2017 and achieved commercial production on 1 October 2017. The existing concentrator has an annual ore processing capacity of 25 million tonnes when fully ramped up. On 21 December 2017 the Group announced a $1.2 billion expansion project at Aktogay, to double sulphide ore processing capacity to 50 million tonnes from 2021. With an expanded processing capacity Aktogay will have an estimated mine life of 28 years.

Production summary

kt (unless otherwise stated)	**2017**	2016
Oxide		
Ore extraction	**13,040**	15,989
Copper grade (%)	**0.36**	0.41
Copper cathode production	**25.1**	18.1
Sulphide		
Ore extraction	**13,208**	97
Ore processed	**12,941**	–
Average copper grade processed (%)	**0.66**	–
Recovery rate (%)	**80**	–
Copper in concentrate	**68.2**	–
Copper production	**65.1**	–
Total copper production	**90.2**	18.1

Copper cathode production from oxide material was 25.1 kt in 2017, in line with market guidance. Cathode production reached full capacity in the prior year which was maintained during 2017 when output was also assisted by improved equipment availability rates and efficiencies in the SX/EW process. Due to the higher levels of available copper in solution, the quantity of oxide ore required decreased, with an 18% reduction in ore extraction versus the prior year.

Initial sulphide ore extraction began at the end of 2016 and mining activities expanded in 2017 to the levels required to feed the concentrator following its commissioning in February. Ore processed was 66% of design capacity during the third quarter and remained relatively constant during the fourth quarter at 68%. Operations benefited from a copper grade of 0.66%, above the life of mine grade of 0.33%, due to the mining of a layer of supergene enriched ore. The majority of output was exported to China based smelters during the year with 9.7 kt of copper in concentrate dispatched for toll processing at Balkhash in Kazakhstan.

Copper production was 65.1 kt from sulphide material which, combined with cathode output from the SX/EW plant resulted in total copper production for the year of 90.2 kt, in line with market guidance of 85-95 kt.

Copper production guidance for 2018 is 110-130 kt, consisting of 20-25 kt of copper cathode from oxide ore and 90-105 kt from sulphide material. The sulphide concentrator is on track to achieve design capacity during 2018 and increase ore throughput from 2017 levels, although this will be partly offset by a reduction in copper grades as a lower volume of supergene enriched ores are processed.

Financial summary

$ million (unless otherwise stated)	**2017**	2016
Gross Revenues[1]	**530**	68
Revenues	**276**	52
Copper sales (kt)[1]	**87**	14
Gross EBITDA (excluding special items)[1]	**374**	33
Capitalised EBITDA	**(185)**	(4)
EBITDA (excluding special items)	**189**	29
Gross cash costs (USc/lb)[1]	**100**	114
Capital expenditure	**(27)**	156
Sustaining	**4**	–
Expansionary (direct project)	**103**	144
Expansionary (pre-commercial)	**(134)**	12

1 Includes sulphide and oxide operations during the periods prior to commercial production.

Gross Revenues

Prior to the achievement of commercial production all revenues and operating costs were capitalised and excluded from the income statement. Commercial production was achieved for oxide operations on 1 July 2016 and sulphide operations on 1 October 2017. The income statement for the prior year therefore represents only oxide operations for the second half of the year, whilst 2017 includes a full year of oxide operations together with sulphide operations for the fourth quarter. Gross Revenues and Gross EBITDA shown in the above table include the pre-commercial production period.

Gross Revenues increased substantially from the prior year to $530 million, reflecting the growth in copper sales volumes, particularly from sulphide operations. The sulphide plant contributed additional copper sales volumes of 62 kt and sales from oxide operations increased from 14 kt to 25 kt.

EBITDA (excluding special items)

Gross EBITDA of $374 million is mainly derived from sulphide operations which began production and ramped up during the year. EBITDA of $189 million excludes $185 million of capitalised EBITDA generated from sulphide operations prior to 1 October 2017 during pre-commercial production.

The gross cash cost has reduced from 114 USc/lb to 100 USc/lb, reflecting the significant volume growth provided by the lower cost sulphide operations. This was below market cost guidance of 110-130 USc/lb as the sulphide plant benefited from a higher than expected copper grade, lower maintenance expenditures and muted inflationary pressures. Unit costs at the oxide operations have reduced as volumes have increased and efficiencies from higher plant automation have been realised.

The gross cash cost in 2018 is estimated to increase to 110-130 USc/lb, in line with the level achieved by Bozshakol in 2017. Aktogay benefited from limited maintenance expenditure during 2017, however this will increase as maintenance programmes such as mine equipment overhauls and mill relines occur during 2018. In addition, whilst copper grades will remain above the life of mine average, they are forecast to reduce from the elevated levels reported in 2017. These factors, as well as tariff and general inflation will more than offset the expected economies of scale from higher production volumes.

Capital expenditure

Construction activities in respect of the main phase of the Aktogay project are now substantially complete. Direct project capital expenditure of $103 million was incurred in 2017. This included payments for construction, the acquisition of mining equipment and first fill items. Expenditure was below market guidance as there have been no payments at Aktogay to purchase rather than lease rail wagons, as it has now been determined that these are not required. Cash inflows relating to the pre-commercial activity of the sulphide plant of $134 million were capitalised and netted against capital expenditure.

In 2018 payments of $300 million to the principal construction contractor are scheduled in respect of work performed in 2016. $250 million was paid in January 2018, with the remaining $50 million to be paid in July. In addition, further outstanding capital expenditure of $70 million is expected to be invested from the project budget, mainly in relation to the expansion of the heap leach cells, with approximately $50 million scheduled for the second half of 2018 and $20 million in 2019.

Sustaining capital expenditure was limited during 2017 but is expected to increase to around $30 million in 2018.

The Board has approved an expansion project to double the ore processing capacity at Aktogay. The expansion represents a low-risk growth opportunity, being a duplicate of the existing plants at Aktogay and Bozshakol and which will be managed by the same project team. First production from the new plant is expected by the end of 2021. The capital budget for the expansion project is $1.2 billion with approximately $200 million to be invested in 2018, $400 million in each of 2019 and 2020 and $200 million in 2021. The mining fleet will be upgraded to support the higher ore throughput.

EAST REGION AND BOZYMCHAK

Production summary

Copper

kt (unless otherwise stated)	**2017**	2016
Ore extraction	**3,919**	4,664
Ore processed	**4,172**	4,620
Average copper grade processed (%)	**1.89**	1.96
Average recovery rate (%)	**90**	90
Copper in concentrate	**71.0**	81.0
Copper production	**67.0**	77.4

Copper production in the East Region and Bozymchak reduced by 13% to 67.0 kt versus the prior year mainly due to the closure of the Yubileyno-Snegirikhinsky mine. As a result, ore extraction and ore processed were 16% and 10% lower than the prior year respectively. Ore processed was higher than ore extracted in the year as it included 135 kt of ore from the closed Yubileyno-Snegirikhinsky mine and the use of ore stockpiles at Artemyevsky. A small volume of stockpiled material from Yubileyno-Snegirikhinsky will be processed during 2018.

The reduction in copper grade from 1.96% to 1.89% was mainly due to a lower proportion of material from the higher grade Orlovsky mine. Copper recoveries remained unchanged at 90%.

Copper production of 67.0 kt was above market guidance for the year of 65 kt. Bozymchak operated at full design capacity during the year, contributing copper production of 7.5 kt, consistent with the prior year of 7.9 kt.

East Region and Bozymchak copper production in 2018 will remain relatively stable, at around 65 kt.

By-products

koz (unless otherwise stated)	**2017**	2016
Zinc bearing ore processed (kt)	**3,163**	3,586
Zinc grade processed (%)	**2.65**	2.95
Zinc in concentrate (kt)	**57.6**	75.4
Gold bearing ore processed (kt)	**4,172**	4,620
Gold grade processed (g/t)	**0.76**	0.81
Gold in concentrate	**62.7**	67.6
Gold production	**58.9**	63.5
Silver bearing ore processed (kt)	**4,172**	4,620
Silver grade processed (g/t)	**33.6**	37.6
Silver in concentrate	**2,801**	3,224
Silver production	**2,549**	2,980

Output of all by-products was lower than the prior year, as expected. Zinc in concentrate output reduced by 24% due to lower processing volumes as well as a reduction in grades at Orlovsky and Artemyevsky. Access to higher zinc grades at Artemyevsky, scheduled to occur in the second half of 2017 is now delayed until 2018. Lower than expected grades at Orlovsky also contributed to the decline, with full year zinc in concentrate output of 57.6 kt, slightly below the guidance range of 60-65 kt.

Full year gold production of 58.9 koz was at the top end of external guidance of 50-60 koz. Bozymchak delivered a strong production performance of 41.3 koz which offset lower grades in the East Region, mainly from Orlovsky, as the average gold grade reduced from 0.81 g/t to 0.76 g/t. As Bozymchak provides the majority of production, the 7% reduction in gold output was lower than other by-products.

Silver production of 2,549 koz for the year represents a reduction of 14% compared to the prior year due to lower processing volumes as well as lower grades from the Orlovsky mine.

East Region and Bozymchak is forecast to produce 45-50 koz and around 2,000 koz of gold and silver production respectively in 2018. Zinc in concentrate production will be in the region of 60 kt.

Financial summary

$ million (unless otherwise stated)	**2017**	2016
Revenues	**689**	621
Copper	**433**	399
Zinc	**115**	95
Gold	**79**	75
Silver	**51**	46
Other	**11**	6
Sales volumes		
Copper sales (kt)	**70**	82
Zinc sales (kt)	**57**	75
Gold sales (koz)	**62**	60
Silver sales (koz)	**2,979**	2,740
EBITDA (excluding special items)	**371**	279
Gross cash costs (USc/lb)	**208**	191
Net cash costs (USc/lb)	**42**	68
Capital expenditure	**74**	62
Sustaining	**52**	50
Expansionary	**22**	12

Revenues

Revenues generated by East Region and Bozymchak increased by 11% to $689 million as a 27% improvement in the average LME copper price more than offset a 15% fall in sales volumes. Revenues from zinc were also higher, despite a 24% reduction in sales volumes, as the average zinc price improved from $2,095/t to $2,896/t, a 38% increase. Due to the sale of material built up at the end of 2016, gold and silver sales volumes increased, despite lower production in the year.

EBITDA (excluding special items)

EBITDA improved by $92 million compared to the prior year, mainly due to the increase in revenues as well as a reduction in aggregate cash costs. Cash operating costs of $318 million were 7% below the prior year as the impact of reduced volumes was partially offset by a 5% appreciation in the tenge. Management also took action to control costs by limiting certain tariff and contract price rises. During the second half of 2017, however, some inflationary pressures were experienced and these are expected to impact 2018 costs. At Bozymchak costs increased as a result of adverse exchange rate movements and legislative changes which raised salary costs.

The gross cash cost of copper for East Region and Bozymchak of 208 USc/lb was 9% above the prior year, principally due to the 15% reduction in copper sales volumes. Gross cash costs were however at the bottom end of market guidance of 205-225 USc/lb.

Gross cash costs for 2018 are estimated to increase to around 230-250 USc/lb, impacted by a reduction in copper sales volumes to around 65 kt, compared to the 70 kt recorded in 2017 which benefited from the sale of finished goods carried forward from 2016. The impact of a full year of inflation on salaries and other costs, as well as an assumed modest appreciation of the tenge would also place upward pressure on costs. At Bozymchak costs will rise due to the impact of a deeper pit and longer haul distances and as the processing plant enters its third year of full capacity operations.

The improvement in net cash costs from 68 USc/lb to 42 USc/lb is due to the increase in by-product revenues. Gold and silver revenues benefited from the sale of prior year material, with sales volumes higher than production levels for the year. In addition, despite the significant reduction in zinc sales volumes, zinc revenues increased due to favourable market prices.

Capital expenditure

Sustaining capital expenditure of $52 million was broadly in line with the prior year and below market guidance of around $60 million, as certain projects and payments were deferred into 2018. Expenditure in the year relates to development work across the underground mines, purchase of equipment, expansion of tailings facilities and maintenance of support infrastructure.

In 2018, sustaining capital requirements for the East Region and Bozymchak will remain constant at around $50 million.

Expansionary capital in 2017 of $22 million predominantly relates to the initial development work for the extension of the existing Artemyevsky mine to develop a ventilation tunnel. Expansionary capital in 2018 is expected to be around $40 million as work continues on the Artemyevsky extension as well as development works at the

Bozymchak mine. The Artemyevsky extension will require around $60 million per annum during 2019 to 2022 with limited annual spend thereafter.

Other projects

Expenditure on other projects was $14 million, to investigate the feasibility of constructing a copper smelter in Kazakhstan and further studies of the Koksay project. Following an assessment of partnering options and a review of the smelter project it has been determined not to progress the project further. The next step for the Koksay project, which represents a future growth option, is the launch of a feasibility study, however the recently announced Aktogay expansion project is the immediate priority for the Group's project division.

FINANCIAL REVIEW

Basis of preparation

The financial information has been prepared in accordance with IFRSs, as adopted by the EU, using accounting policies consistent with those adopted in the condensed consolidated financial statements for the year ended 31 December 2017. In preparing the condensed consolidated financial statements, the Group did not apply or adopt any standards, interpretations or amendments that were issued but not yet effective.

The Bozshakol clay and Aktogay sulphide plants commenced sales in 2017 and were in pre-commercial production until they were declared commercial on 1 July 2017 and 1 October 2017 respectively. The Bozshakol sulphide and Aktogay oxide plants commenced sales in 2016 and were in pre-commercial production until 27 October 2016 and 1 July 2016 respectively. During the pre-commercial production phase, revenues and operating costs were capitalised within property, plant and equipment as part of the cost of construction and are not included in the income statement.

The Financial review and the condensed consolidated financial statements (note 4(a)(i)) include the non-IFRS measures Gross Revenues and Gross EBITDA, which incorporate the results of the Bozshakol and Aktogay plants before capitalisation to provide a measure of their performance for the full year.

For the year ended 31 December 2017, Bozymchak did not satisfy the quantitative requirements of IFRS 8 'Operating Segments' for disclosure as a separate segment and was combined with the East Region operations, given their similar economic characteristics, similar concentrate production processes and as their combined output is toll processed at the Balkhash smelter and subsequently sold to the Group's customers. The comparative information has been restated accordingly.

Income statement

An analysis of the consolidated income statement is shown below:

$ million (unless otherwise stated)	**2017**	2016
Gross Revenues	**1,938**	969
Gross EBITDA (excluding special items)	**1,235**	492
Revenues	**1,663**	766
Cash operating costs	**(625)**	(415)
EBITDA (excluding special items)	**1,038**	351
Less: special items	**(19)**	(3)
Less: MET and royalties	**(132)**	(70)
Less: depreciation, depletion and amortisation	**(172)**	(60)
Operating profit	**715**	218
Net finance (costs)/income	**(135)**	2
Profit before taxation	**580**	220
Income tax expense	**(133)**	(43)
Profit for the year	**447**	177
Non-controlling interests	**–**	–
Profit attributable to equity holders of the Company	**447**	177
Earnings per share attributable to equity shareholders of the Company		
EPS – basic and diluted ($)	**1.00**	0.40
EPS based on Underlying Profit ($)	**1.07**	0.40

Gross Revenues and revenues

Gross Revenues for 2017 were $1,938 million, double the prior year principally due to the additional contributions from Bozshakol and Aktogay of $439 million and $462 million respectively, as they delivered significantly higher production into a tightening copper market. Gross Revenues at the East Region and Bozymchak increased by $68 million as lower copper and zinc production was more than offset by higher prices.

The total copper sold in 2017 was 256 kt compared to 141 kt in the prior year, driven by higher output from Bozshakol and Aktogay. The LME copper and zinc prices averaged $6,163/t and $2,896/t respectively during 2017, above their 2016 average prices of $4,860/t and $2,095/t.

Gross Revenues from by-products were $406 million, of which gold sales were $216 million. This compares to gold sales of $148 million in the prior year, with the increase driven primarily by the ramp up in sales from Bozshakol.

By-products made up 21% of Gross Revenues in 2017 compared to 31% in the prior year due to the significant increase in copper sales from Bozshakol and Aktogay.

Revenues recognised in the income statement increased by 117% to $1,663 million, mainly due to increased volumes from the continued ramp up of the Bozshakol and Aktogay mines and higher LME copper prices. Revenues exclude sales earned during pre-commercial production of $21 million and $254 million from the Bozshakol clay plant and Aktogay sulphide plant respectively, which were capitalised to property, plant and equipment. In 2016, pre-commercial revenues at Bozshakol and Aktogay were $187 million and $16 million respectively.

Further information on Gross Revenues and revenues by operating segment can be found in the Operating review.

Operating profit

The operating profit for 2017 was $715 million compared to $218 million in 2016, primarily driven by higher sales volumes from Bozshakol and Aktogay as well as stronger commodity prices.

The Group's operating profit margin, defined as operating profit divided by revenues, increased to 43% in the current year from 28% in the prior year, due to an increased proportion of production coming from Bozshakol and Aktogay, which are lower cost on a per unit basis than the East Region and Bozymchak operations, in addition to higher prices. Within operating profit, the Group's cost of sales and selling and distribution expenses rose, primarily reflecting the increase in volumes from the recently launched operations.

EBITDA (excluding special items)

EBITDA (excluding special items) is a key non-IFRS measure that the Directors use internally to assess the performance of the Group's segments and is viewed as relevant to capital intensive industries with long life assets. This performance measure removes depreciation, depletion, amortisation, MET, royalties and special items. The Directors believe that the exclusion of MET and royalties provides an informed measure of the operational profitability given the nature of the tax, as further explained in the 'Taxation' section. The Directors also believe that this measure closely reflects the operating cash generative capacity and therefore the trading performance of the business as a whole. Special items are excluded to enhance the comparability of EBITDA (excluding special items) from period to period. A reconciliation of this measure to operating profit can be found in note 4(a)(i) of the condensed consolidated financial statements.

Gross EBITDA (excluding special items) includes the EBITDA (excluding special items) earned by the Group's major growth projects in the period prior to commercial production, which is capitalised to property, plant and equipment.

A reconciliation of EBITDA (excluding special items) by operating segment is shown below:

$ million	**2017**	2016
Bozshakol	**515**	204
Aktogay	**374**	33
East Region and Bozymchak	**371**	279
Corporate services	**(25)**	(24)
Gross EBITDA (excluding special items)	**1,235**	492
Less: capitalised pre-commercial production EBITDA	**(197)**	(141)
Bozshakol	**(12)**	(137)
Aktogay	**(185)**	(4)
EBITDA (excluding special items)	**1,038**	351

Gross EBITDA (excluding special items) for the Group rose by 151% to $1,235 million due to a full year of production from the Bozshakol sulphide and Aktogay oxide plants, the start up of the Bozshakol clay and Aktogay sulphide plants and higher copper and zinc prices. The Gross EBITDA (excluding special items) margin for the Group improved from 51% in 2016 to 64% in 2017 due to higher commodity prices and as the proportion of EBITDA (excluding special items) from the lower cost Bozshakol and Aktogay operations increased compared to the prior year.

At Bozshakol, Gross EBITDA (excluding special items) increased from $204 million in the previous year to $515 million following a full year of production from the sulphide plant and the commencement of sales from the clay plant in the first quarter of 2017. The Bozshakol clay plant reached commercial levels of production on 1 July 2017, from when revenues and operating costs were recognised in the income statement. Copper sales volumes increased from 45 kt in 2016 to 99 kt in 2017, similarly gold sales volumes increased from 60 koz in 2016 to 107 koz.

Aktogay's Gross EBITDA (excluding special items) was $374 million in 2017 due to the commencement of sales from the sulphide plant in the first quarter and a full year's contribution from the oxide plant. Copper sales volumes increased from 14 kt in the prior year to 87 kt.

The East Region and Bozymchak's Gross EBITDA (excluding special items) increased by 33% to $371 million in 2017 due to the favourable impact of commodity prices and lower cash operating costs, which more than offset reduced copper and zinc sales volumes. Cash operating costs in 2017 of $318 million were $24 million below the prior year, due to lower volumes and management action to control costs.

Corporate service costs were in line with the prior year, at $25 million.

The increase in EBITDA (excluding special items) from $351 million in the prior year to $1,038 million is attributable to a stronger financial performance from all of the Group's operations, in particular the low cost production growth from Bozshakol and Aktogay.

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

Special items

Special items are non-recurring or variable in nature and do not impact the underlying trading of the Group.

Special items within operating profit:

Impairment charges

The Group invested $16 million over the past two years on a feasibility study on constructing a copper smelter in Kazakhstan. Following an assessment of partnering options and a review of the project, the Group has determined that it will not progress the smelter project further and the costs incurred were expensed.

An impairment of $4 million (2016: $3 million) at the East Region and Bozymchak was recognised against property, plant and equipment which is not expected to be utilised.

Other items excluded from EBITDA (excluding special items)

MET and royalties

The MET and royalties charge in the income statement rose from $70 million in 2016 to $132 million in 2017, reflecting the higher volume of metal mined at Bozshakol and Aktogay and increased copper and zinc prices.

The total MET incurred at Bozshakol was $88 million (2016: $65 million) of which $32 million (2016: $33 million) relates to long-term stockpiled clay ore included within non-current inventory on the balance sheet and $3 million relates to clay ore (2016: $25 million relating to sulphide ore) mined during pre-commercial production which was capitalised to property, plant and equipment.

The total MET incurred at Aktogay was $49 million (2016: $17 million) of which $23 million relates to sulphide ore (2016: $9 million relating to oxide ore) mined during pre-commercial production and capitalised to property, plant and equipment. The difference to the charge (see note 4(a)(i)) of $5 million (2016: $nil) reflects MET in unsold inventory mostly on the oxide ore heap leach pads.

The MET and royalties charged at the East Region and Bozymchak operations of $59 million for 2017 was above the $55 million in the prior year reflecting higher realised metal prices, partly offset by lower metal in ore volumes mined.

Depreciation, depletion and amortisation

Depreciation, depletion and amortisation for 2017 of $172 million is higher than the $60 million charge in 2016 due to a full year of depreciation of the Bozshakol sulphide and Aktogay oxide plants and from the start of depreciation of the Bozshakol clay and Aktogay sulphide plants on achievement of commercial production. At the East Region and Bozymchak, depreciation was in line with the prior year.

Net finance (costs)/income

Net finance (costs)/income includes:

$ million	2017	2016
Interest income	**17**	9
Fair value gains on debt related derivative financial instruments	**13**	–
Finance income	**30**	9
Interest on borrowings	**(221)**	(197)
PXF fees	**(10)**	–
Unwinding of discount on NFC deferral	**(15)**	(8)
Total interest expense	**(246)**	(205)
Interest capitalised	**88**	163
Interest expense	**(158)**	(42)
Interest on employee obligations and unwinding of discounts	**(7)**	(3)
Fair value losses on debt related derivative financial instruments	**–**	(11)
Finance costs	**(165)**	(56)
Net foreign exchange gains	**–**	49
Net finance (costs)/income	**(135)**	2

Net finance costs were $135 million compared to net finance income of $2 million in 2016.

The total interest on borrowings amounted to $221 million, which was $24 million higher than the $197 million incurred in the prior year. The increase is attributed to higher US dollar LIBOR rates in 2017 and from additional borrowing costs associated with the DBK loan drawn in December 2016. The PXF amendment fees of $10 million which were incurred on the refinancing are classified as a special item and excluded from Underlying Profit. The unwinding of the discount on the NFC deferral of $15 million, being the implied interest cost on the $300 million deferral agreed in 2015, was capitalised to the cost of the Aktogay sulphide plant, until it reached commercial production on 1 October 2017. The increase in the unwinding of the discount on the NFC deferral to $15 million from $8 million in the prior year is due to the full $300 million being outstanding for the whole year in 2017.

The interest expense recognised in the income statement of $158 million (2016: $42 million) is after the capitalisation of interest relating to the construction of the new mines. The increase is due to a full year of interest cost relating to the Bozshakol sulphide and Aktogay oxide plants being expensed in 2017, whereas this was mostly capitalised in the prior year. Interest costs relating to the Aktogay sulphide and Bozshakol clay plants were expensed in the current year once these plants achieved commercial production.

The net impact of foreign exchange was neutral over the year. The initial appreciation of the tenge in the first half of the year and subsequent depreciation in the second half gave rise to a small exchange gain of $13 million. This was offset by exchange losses from the weakening of the US dollar against the Chinese yuan on the CDB Aktogay CNY debt of $9 million and from its depreciation against the British pound on sterling intercompany liabilities. A cross currency and interest rate swap derivative financial instrument is used to hedge part of the currency and interest rate exposure on the CDB Aktogay CNY debt. The fair value gain on this instrument was $12 million, which more than offset the $9 million exchange loss on the CDB Aktogay CNY debt.

The $49 million net foreign exchange gain in 2016 was principally driven by a 9% appreciation of the Kyrgyz som and from the 18% depreciation in the UK pound sterling against the US dollar. The appreciation of the som resulted in net exchange gains of $20 million on Bozymchak's US dollar denominated intercompany debt, while the depreciation of the UK pound sterling from June 2016 against the US dollar gave rise to a $16 million gain on intercompany British pound sterling liabilities. The depreciation of the Chinese yuan resulted in exchange gains of $9 million on the CDB Aktogay CNY borrowing, which was mostly offset by the fair value loss on the cross currency and interest rate swap of $11 million used as a hedge. The net gain was largely offset by translation losses recognised within equity.

Taxation

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

$ million (unless otherwise stated)	2017	2016
Profit before taxation	**580**	220
Add: MET and royalties	**132**	70
Add: special items	**29**	3
Adjusted profit before taxation	**741**	293
Income tax expense	**133**	43
Add: MET and royalties	**132**	70
Less: recognition of deferred tax liability on special items	**–**	–
Adjusted tax expense	**265**	113
Effective tax rate (%)	**23**	20
All-in effective tax rate[1] (%)	**36**	39

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

Effective tax rate

The effective tax rate in 2017 was 23% reflecting the corporate income tax rates applicable to the Group's operations and the impact of certain non-deductible expenses. The prior year effective rate was slightly lower at 20% due to a reduced level of non-deductible expenses.

All-in effective tax rate

The all-in effective tax rate decreased from 39% in 2016 to 36% as higher profitability from increased volumes and prices more than offset the higher MET and royalties charge. As MET and royalties are determined independently of the profitability of operations, in periods of higher profitability, the MET and royalties' impact on the all-in effective tax rate decreases. Conversely, during periods of lower profitability this puts upward pressure on the all-in effective tax rate.

Future tax rates

Future tax rates are materially affected by the application of corporate income tax ('CIT') and MET. The CIT rate in Kazakhstan is 20% whilst MET and royalties are revenue-based and dependent on commodity prices. The CIT rate in the UK decreased from 20% to 19% in April 2017 and is due to become 17% from 2020. In Kyrgyzstan, changes to legislation applicable from November 2017 have reduced CIT to 0%, replaced by a tax on gold revenues, which is reflected as royalties within selling expenses.

Underlying Profit

Underlying Profit is a non-IFRS measure and is the profit for the year after adding back items which are non-recurring or variable in nature and which do not impact the underlying trading performance of the business and their resulting tax and non-controlling effects.

The reconciliation of Underlying Profit from profit attributable to equity holders of the Company is set out below:

$ million	2017	2016
Net profit attributable to equity holders of the Company	**447**	177
Special items within operating profit, net of tax – note 6	**19**	3
Special items within profit before taxation, net of tax – PXF fees	**10**	–
Underlying Profit	**476**	180
Weighted average number of shares in issue (million)	**447**	447
EPS – basic and diluted ($)	**1.00**	0.40
EPS based on Underlying Profit – basic and diluted ($)	**1.07**	0.40

The Group's net profit attributable to equity holders of the Company was $447 million in 2017 compared to $177 million for the year ended 31 December 2016. The Underlying Profit for the year increased to $476 million compared to $180 million in the prior year, primarily due to greater profit contributions from the ramp up of the Bozshakol and Aktogay operations, partially offset by interest costs on project borrowings being expensed in the current year whilst capitalised in the prior year.

Earnings per share

Basic earnings per share of $1.00 increased from $0.40 in 2016, whilst earnings per share based on Underlying Profit rose to $1.07 from $0.40, reflecting the Group's improved profitability.

Dividends

The policy established at the time of Listing was for the Company to maintain a dividend policy which took into account the profitability of the business and underlying growth in earnings of the Group, as well as its cash flows and growth requirements. The Directors would also ensure that dividend cover was prudently maintained.

Taking into consideration the Group's increase in net debt during the construction and ramp up phase of two of the major growth projects, the Directors did not declare an interim dividend and will not recommend a final dividend for 2017. The Board will continue to assess the Group's financial position, cash flows and growth requirements in determining when to resume dividends in the future.

Cash flows

Free Cash Flow is defined as the net cash flow from operating activities before capital expenditure and non-current VAT associated with major projects less sustaining capital expenditure. This measure is used by the Directors to monitor the Group's ability to reduce debt, fund returns to shareholders and invest in the future growth and development of the business.

$ million	**2017**	2016
EBITDA (excluding special items)[1]	**1,038**	351
Change in inventories[2]	**(37)**	(19)
Change in prepayments and other current assets[2]	**(41)**	(14)
Change in trade and other receivables[2]	**27**	(38)
Change in trade and other payables and provisions[2]	**11**	(2)
Interest paid	**(222)**	(179)
MET and royalties paid[2]	**(151)**	(73)
Income tax paid	**(110)**	(39)
Foreign exchange and other movements	**5**	4
Net cash flows from/(used in) operating activities before capital expenditure and non-current VAT associated with major projects[3]	**520**	(9)
Sustaining capital expenditure	**(68)**	(51)
Free Cash Flow	**452**	(60)
Expansionary and new project capital expenditure[4]	**(69)**	(273)
Net non-current VAT received/(paid) associated with major projects	**232**	(89)
Proceeds from disposal of property, plant and equipment	**1**	1
Interest received	**16**	9
Other movements	**(1)**	(3)
Cash flow movement in net debt	**631**	(415)

1 EBITDA (excluding special items) is defined as profit before interest, taxation, depreciation, depletion, amortisation, MET and royalties. Please refer to note 4(a)(i) of the condensed consolidated financial statements.
2 Excludes working capital and MET movements arising from pre-commercial production activities at the Bozshakol and Aktogay operations.
3 The difference between 'net cash flows from/(used in) operating activities before capital expenditure and non-current VAT associated with major projects' and 'net cash from/(used in) operating activities' as reflected on the Group cash flow statement, is the VAT received/(paid) on the construction of the major projects.
4 Expansionary and new project capital expenditure includes operating cash flows relating to pre-commercial production activities, as explained further under "capital expenditure" below.

Summary of the year

Net cash flows from operating activities before capital expenditure and non-current VAT associated with major projects improved by $529 million due to significantly higher profitability.

Working capital

Working capital movements exclude the period of pre-commercial production which are included within expansionary and new project capital expenditure:

- inventory levels have risen by $37 million following higher consumables at Bozshakol and Aktogay to support the operational ramp up and from an increase in finished goods in transit to customers. The $65 million increase in inventory as reflected in the IFRS based cash flow statement (see note 14(a)) includes MET and depreciation which are excluded from the cash flow above as MET is reflected separately and EBITDA (excluding special items) is stated before depreciation and amortisation;
- prepayments and other current assets increased by $41 million primarily due to a build-up of operating VAT receivable at Bozshakol and Aktogay and smaller increases at East Region and Bozymchak. During the year, $36 million of VAT receivable at the East Region and $10 million of non-project VAT receivable from Bozshakol and Aktogay was refunded;

- trade and other receivables decreased by $27 million reflecting lower sales volumes at Bozshakol in December following repairs in November, partly offset by increased sales volumes from Aktogay; and
- trade and other payables increased by $11 million due to increased operational spend at Bozshakol and Aktogay, partly offset by the reduction of advance receipts from customers. The $6 million accounts payable inflows reflected in the IFRS based cash flow statement (see note 14(a)) includes the accruals, net of payments, relating to MET and royalties. The cash flow shown above reflects MET and royalty payments separately.

Working capital movements relating to the Bozshakol clay and Aktogay sulphide plants incurred during pre-commercial production in 2017 are reflected within expansionary capital expenditure in the cash flow above and are excluded from Free Cash Flow. These include outflows of $35 million for long-term clay ore that was stockpiled during the current year at Bozshakol and $29 million for consumables and inventory at Aktogay (both funded out of their respective project budgets). Other pre-commercial working capital movements included a $52 million increase in trade and other receivables and prepayments partly offset by increased accounts payable of $6 million and a $12 million increase in MET payable. In 2016, pre-commercial working capital movements at Bozshakol and Aktogay included a $39 million outflow for consumables and raw materials, a $52 million outflow for stockpiled clay ore and a $43 million increase in trade and other receivables, partly offset by a $45 million increase in trade and other payables, including MET payable during 2017.

In 2016, inventory levels rose by $19 million from raw material requirements at the Bozshakol sulphide and Aktogay oxide plant post commercial production and from a small increase in East Region and Bozymchak work in progress at the Balkhash smelter. Prepayments increased by $14 million primarily from the build-up of VAT receivables at the East Region operations and from increased advances paid at the Aktogay oxide operations. During 2016, the East Region received $30 million in VAT refunds. Trade and other receivables increased by $38 million mainly due to higher volumes and prices of Bozshakol concentrate sales over the last two months of the year while trade and other payables and provisions decreased by $2 million as creditor reductions from the East Region, Bozymchak and Corporate segments were largely offset by increased trade and other payables at the Bozshakol and Aktogay segments.

Interest cash flows

Interest paid during the year was $222 million compared with $179 million paid in the prior year. The increased payments, which include the $10 million PXF amendment costs, are broadly consistent with the higher borrowing costs for the year at $231 million compared to $197 million in the prior year. Interest payments are made semi-annually under the CDB Bozshakol/Bozymchak, CDB Aktogay US dollar and DBK facilities, quarterly under the CDB Aktogay RMB facility and monthly under the PXF facility.

Income taxes and mineral extraction tax

Income tax paid of $110 million includes $48 million of withholding tax on interest accrued in previous years financing the major projects and is consistent with higher profitability and the current income tax portion of the income tax expense in the income statement. At 31 December 2017, the Group's net income tax payable was $2 million, compared to $4 million in 2016.

MET and royalty payments increased to $151 million reflecting the payments made by Bozshakol and Aktogay following the achievement of commercial production and the impact of higher copper and zinc metal prices. The total MET paid on ore mined at Bozshakol and Aktogay in 2017 was $94 million and $33 million respectively, with $27 million relating to Bozshakol clay ore and $11 million relating to Aktogay sulphide material included within expansionary capital expenditure. At 31 December 2017, MET and royalties payable was $55 million, broadly consistent with the prior year payable of $49 million.

Free Cash Flow

The Group's Free Cash Flow before interest payments on borrowings was $674 million compared to $119 million in 2016 due to the higher profitability of the Group, in particular the sales contributions from Bozshakol, Aktogay and the improved copper price. After interest payments, Free Cash Flow was an inflow of $452 million compared to an outflow of $60 million in the prior year.

Capital expenditure

Sustaining capital expenditure increased by $17 million to $68 million principally due to the additional spend at the Bozshakol and Aktogay operations in the second half of the year.

Expansionary and new project expenditure of $69 million includes operating cash flows relating to pre-commercial production activities at the Aktogay sulphide and Bozshakol clay plants. The spend was below the $273 million invested in 2016 as construction was largely completed in the prior year and pre-commercial production cash flows were offset against project spend. At Aktogay, capital expenditure financed out of the project budget was $103 million and includes $29 million for consumables and inventory, while operating cash inflows from pre-commercial production activities of the sulphide plant were $134 million to arrive at a total expansionary capital expenditure inflow of $31 million. At Bozshakol, expenditure financed from the project budget was $57 million, including $35 million for long-term stockpiled clay ore, while operating cash outflows from pre-commercial production activities at the clay plant amounted to $7 million, resulting in total expansionary capital spend of $64 million. The Group spent $22 million on expansionary projects including the Artemyevsky mine extension in the East Region and $14 million on the smelter feasibility study, which was subsequently expensed in the income statement. Please refer to the Operating review for an analysis of the Group's capital expenditure by operating segment.

Non-current VAT

The non-current VAT associated with the major projects cash flow includes the receipt of $243 million of VAT incurred during the construction of Bozshakol and Aktogay.

Other investing and financing cash flows

In 2017, other investing cash flows relates to interest received on cash and cash equivalents and deposits of $16 million (2016: $9 million).

Balance sheet

The Group's capital employed position at 31 December is shown below:

$ million	2017	2016
Equity attributable to owners of the Company	**995**	533
Non-controlling interests	**3**	3
Borrowings	**3,877**	3,777
Capital employed	**4,875**	4,313

Summary of movements

The Group's attributable profit for the year of $447 million led to the increase in the equity attributable to owners of the Company and a marginal appreciation of the tenge increased the US dollar value of the Group's foreign currency operations by $8 million.

Net debt

Net debt consists of cash and cash equivalents, current investments and borrowings. A summary of the Group's net debt position is shown below:

$ million	2017	2016
Cash and cash equivalents	**1,821**	1,108
Current investments	**–**	–
Borrowings	**(3,877)**	(3,777)
Net debt	**(2,056)**	(2,669)

Cash and cash equivalents at 31 December 2017, totalled $1,821 million and was above the $1,108 million at 31 December 2016, due to the increased Free Cash Flow generated across the Group's operations, receipt of VAT of $243 million relating to the major projects and draw downs of $376 million from the amended PXF facility. These cash inflows more than offset the repayment of debt of $294 million and expansionary capital expenditure. The $294 million repayment of debt in 2017 includes $40 million to fully repay the CAT facility.

In June 2017, the Group completed an amendment and extension of the PXF facility. The new facility extends the maturity profile of the facility by two and a half years from December 2018 until June 2021. Principal repayments will commence in July 2018 and then continue in equal monthly instalments over a three year period until final maturity in June 2021. The facility amount was increased to $600 million and was fully drawn at 31 December 2017.

In order to manage counterparty and liquidity risk, surplus funds within the Group are held predominantly in the UK and funds remaining in Kazakhstan and Kyrgyzstan are utilised mainly for working capital purposes. The funds within the UK are held primarily with major European and US financial institutions and highly rated liquidity funds. At 31 December 2017, $1,780 million of cash and short-term deposits were held in the UK and Europe and $41 million in Kazakhstan and Kyrgyzstan.

At 31 December 2017, borrowings (net of unamortised fees) were $3,877 million, an increase of $100 million from 31 December 2016, reflecting the drawdown of $376 million under the amended PXF facility partly offset by $59 million repaid under the previous PXF facility, the $40 million repayment of the CAT facility, $183 million in principal repayments of the CDB Bozshakol/Bozymchak finance facility and $12 million paid under the CDB Aktogay RMB facility. The $18 million other movement in borrowings consists of $9 million of amortisation of fees on the Group's financing facilities and $9 million of foreign exchange differences on the CDB Aktogay RMB facility. The borrowings (net of unamortised fees) consisted of $1,524 million under the CDB Bozshakol/Bozymchak facilities, $1,455 million under the CDB Aktogay finance facilities, $298 million under the DBK facility and $600 million under the PXF debt facility.

Further details of the terms of the Group's borrowings are included in note 12 of the condensed consolidated financial statements.

Going concern

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

On 9 June 2017, the Group announced that it had successfully completed an amendment and extension to its PXF facility. The amended facility was increased to $600 million, the maturity profile was extended by two and a half years to June 2021 and financial covenants were revised to increase headroom as production at Bozshakol and Aktogay continues to ramp up. The Board has considered the outlook for commodity prices, production levels from the Group's operations, its future capital requirements, including the planned expansion of Aktogay and the deferred capital payments to NFC and the principal repayments due under the Group's debt facilities. The Board is satisfied that the Group's forecasts, taking into account reasonably possible downside scenarios, show that the Group has adequate liquidity to continue in operational existence for the foreseeable future. Accordingly, it is appropriate to adopt the going concern basis of accounting in the preparation of these condensed consolidated financial statements.

PRINCIPAL RISKS

Managing our risks

The Group's principal risks are set out below, along with mitigating actions. There may be other risks, unknown or currently considered immaterial, which might become material. The risks set out below are not in order of likelihood of occurrence or materiality and should be viewed, as with any forward-looking statements in this document, with regard to the cautionary statement.

SUSTAINABILITY RISKS

Health and safety

Impact

Mining is a hazardous industry. Health and safety incidents could result in harm to people, as well as production disruption, financial loss and reputational damage.

Mitigation

The Group's goal is for zero fatalities and to seek to minimise health and safety incidents. Policies and procedures are designed to identify and monitor risks and provide a clear framework for conducting business. This is supported by regular training and awareness campaigns for employees and contractors.

The HSE Committee reviews and monitors associated risks across the Group.

Community and labour relations

Impact

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

Mitigation

The Group engages with community representatives, unions and employees and aims to address concerns raised by different stakeholders. Through responsible behaviour, acting transparently, promoting dialogue and complying with commitments the Group minimises potentially negative impacts. Bozshakol and Aktogay are in remote locations where the community relations risk is reduced.

Employees

Impact

The Group is dependent on its ability to attract and retain highly skilled personnel. Failure to do so could have a negative impact on operations or the successful implementation of growth projects and result in higher operating costs to recruit required staff. The remote location of some operations increases this challenge.

Mitigation

The Group actively monitors the labour market to remain competitive in the hiring of staff and provides remuneration structures and development opportunities to attract and retain key employees. Key positions are identified at all locations, and training and succession plans developed. International workers with appropriate expertise assist during the initial phase of operations.

Environmental

Impact

Mining operations involve the use of toxic substances and require the storage of large volumes of waste materials in tailings dams, which could result in spillages and significant environmental damage. The Group is subject to environmental laws and regulations which are continually developing, including those to tackle climate change. Failure to comply with applicable laws could lead to the suspension of operating licences, the imposition of financial penalties or costly compliance costs and reputational damage.

Mitigation

Policies and procedures are in place to set out required operating standards and to monitor environmental impacts. The Group liaises with relevant governmental bodies on environmental matters, including legislation changes.

OPERATIONAL RISKS

Business interruption

Impact

Operations are subject to a number of risks not wholly within the Group's control, including: geological and technological challenges; weather and other natural phenomena; damage to or failure of equipment and infrastructure; loss or interruption to key inputs such as electricity and water; and the availability of key supplies and services, including the Balkhash smelter.

Any disruption could impact production, may require the Group to incur unplanned expenditure and negatively impact cash flows.

Mitigation

In-house and third-party specialists are utilised to identify and manage operational risks and to recommend improvements. Equipment and facilities are maintained appropriately and regularly inspected. Property damage and business interruption insurance programmes provide some protection from major incidents.

Should an outage occur at the Balkhash smelter the Group believes it could sell concentrate directly to customers.

New projects and commissioning

Impact

Projects may fail to achieve the desired economic returns due to an inability to recover mineral resources, design or construction deficiencies, a failure to achieve expected operating parameters or because of capital or operating costs being higher than expected. Failure to effectively manage new projects or a lack of available financing may prevent or delay completion of projects.

Mitigation

New projects are subject to rigorous assessment prior to approval including feasibility or technical studies and capital appraisal. Specialists are utilised throughout the life cycle of projects. Project management and capital expenditure planning and monitoring procedures are in place to review performance against milestones and budgets. This includes the Operations Ramp Up Assurance Committee which reports to the Board.

The recently announced Aktogay expansion represents a low risk growth project, being a duplicate processing facility with construction to be managed by the project team which delivered the first processing facility.

Further details regarding the major growth projects are included in the Operating review.

Reserves and resources

Impact

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

Mitigation

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

Political

Impact

The Group could be affected by political instability or social and economic changes in the countries in which it operates. This could include the granting and renewal of permits and changes to foreign trade or legislation that could affect the business environment and negatively impact the Group's business, financial performance and licence to operate.

Mitigation

A proactive dialogue is maintained with the Governments of Kazakhstan and Kyrgyzstan across a range of issues. Developments are monitored closely and lobbying is conducted where appropriate. Kazakhstan is one of the most politically stable and economically developed countries in Central Asia and the Board continues to view the political, social and economic environment within Kazakhstan favourably and remains optimistic about the conditions for business in the region.

Legal and regulatory compliance

Impact

In Kazakhstan and Kyrgyzstan all subsoil reserves belong to the State and subsoil usage rights must be renewed. Legislation, including subsoil use laws and taxation have been in force for a relatively short period of time and may be subject to change and uncertainty of interpretation, application and enforcement.

Non-compliance with legislation could result in regulatory challenges, fines, litigation and ultimately the loss of operating licences. Substantial payments of tax could arise for the Group, or tax receivable balances may not be recovered as expected.

Mitigation

Management engages with the relevant regulatory authorities and seeks appropriate advice to ensure compliance with all relevant legislation and subsoil use contracts. A specialist department is tasked with monitoring compliance with the terms of subsoil use contracts. Management works closely with the tax authorities in the review of proposed amendments to legislation. Further details of the Group's tax strategy and risk management are set out in the Financial review. Appropriate monitoring and disclosure procedures are in place for related party transactions.

FINANCIAL RISKS

Commodity price

Impact

The Group's results are heavily dependent on the commodity price for copper and to a lesser extent, the prices of gold, silver and zinc. Commodity prices can fluctuate significantly and are dependent on several factors, including world supply and demand and investor sentiment.

Mitigation

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

Foreign exchange and inflation

Impact

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

Mitigation

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

Exposure to China

Impact

Sales are made to a limited number of customers in China, particularly in respect of copper concentrate output. Treatment and refining charges are dependent upon Chinese smelting capacity and the level of copper concentrate supply in the region.

China is an important source of financing to the Group with long-term debt facilities of $3.0 billion at 31 December 2017. In addition, the Group uses contractors, services and materials from China.

Mitigation

Bozshakol and Aktogay produce a copper concentrate that is attractive to Chinese smelters, being ‘clean’ and high in sulphur content. The Group has established good relationships with strategic customers in China.

The Group maintains relationships with a number of international lending banks, having the PXF facility and DBK facility in place and has the flexibility to consider other sources of capital if required.

Acquisitions and divestments

Impact

The Group may acquire or dispose of assets and businesses which fail to achieve the expected benefit or value to the Group. Changing market conditions, incorrect assumptions or deficiencies in due diligence could result in the wrong decisions being made and in acquisitions or disposals failing to deliver expected benefits. The Restructuring was effected under the laws and regulations of Kazakhstan which are subject to change and open to interpretation, including the legal and tax aspects of the Restructuring in 2014, which could give rise to liabilities for KAZ Minerals.

Mitigation

A rigorous assessment process is undertaken to assess all potential acquisitions and divestments by specialist staff, supported by external advisers where appropriate. Due diligence processes are undertaken and material transactions are subject to Board review and approval, including ensuring the transaction is aligned with the Group’s strategy, consideration of the key assumptions being applied and the risks identified.

Liquidity

Impact

The Group is exposed to liquidity risk if it is unable to meet payment obligations as they fall due or is unable to access acceptable sources of finance. Non-compliance with financial covenants could result in borrowing facilities becoming uncommitted and repayable.

Failure to manage liquidity risk could have a material impact on the Group’s cash flows, earnings and financial position.

Mitigation

Forecast cash flows are closely monitored and the financing strategy is set by the Board. Adequate levels of committed funds are maintained with $1,821 million cash and committed facilities at 31 December 2017.

The Group has a successful track record of raising financing and the majority of the Group’s debt is long-term.

Further details regarding going concern are included in note 2 to the financial statements.

CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME

Year ended 31 December 2017

$ million (unless otherwise stated)	Notes	2017	2016
Revenues	4(b)	**1,663**	766
Cost of sales		**(755)**	(413)
Gross profit		**908**	353
Selling and distribution expenses		**(69)**	(32)
Administrative expenses		**(108)**	(104)
Net other operating income		**4**	4
Impairment losses	5	**(20)**	(3)
Operating profit		**715**	218
Analysed as:			
Operating profit (excluding special items)		**734**	221
Special items	6	**(19)**	(3)
Finance income	7	**30**	9
Finance costs	7	**(165)**	(56)
Foreign exchange gain, net		**–**	49
Profit before taxation		**580**	220
Income tax expense	8	**(133)**	(43)
Profit for the year		**447**	177
Analysed as:			
Underlying Profit	9	**476**	180
Special items	6	**(29)**	(3)
Attributable to:			
Equity holders of the Company		**447**	177
Non-controlling interests		**–**	–
		447	177
Other comprehensive income for the year after tax:			
Items that may be reclassified subsequently to the income statement:			
Exchange differences on retranslation of foreign operations		**8**	35
Items that will never be reclassified to the income statement:			
Actuarial gain on employee benefits, net of tax		**1**	–
Other comprehensive income for the year		**9**	35
Total comprehensive income for the year		**456**	212
Attributable to:			
Equity holders of the Company		**456**	212
Non-controlling interests		**–**	–
		456	212
Earnings per share attributable to equity shareholders of the Company			
EPS – basic and diluted ($)	9(a)	**1.00**	0.40
EPS based on Underlying Profit – basic and diluted ($)	9(b)	**1.07**	0.40

CONSOLIDATED BALANCE SHEET

At 31 December 2017

$ million	Notes	**2017**	2016
Assets			
Non-current assets			
Intangible assets		**7**	8
Property, plant and equipment		**2,535**	2,670
Mining assets		**438**	422
Other non-current assets	10	**170**	364
Deferred tax asset		**65**	72
		3,215	3,536
Current assets			
Inventories		**359**	247
Prepayments and other current assets		**82**	54
Income taxes prepaid		**13**	7
Trade and other receivables		**132**	105
Investments	14(c)	**–**	–
Cash and cash equivalents	14(b)	**1,821**	1,108
		2,407	1,521
Total assets		**5,622**	5,057
Equity and liabilities			
Equity			
Share capital	11(a)	**171**	171
Share premium		**2,650**	2,650
Capital reserves	11(c)	**(2,029)**	(2,037)
Retained earnings		**203**	(251)
Attributable to equity holders of the Company		**995**	533
Non-controlling interests		**3**	3
Total equity		**998**	536
Non-current liabilities			
Borrowings	12	**3,459**	3,446
Deferred tax liability		**70**	56
Employee benefits		**14**	15
Provision for closure and site restoration		**67**	57
Other non-current liabilities	13	**7**	292
		3,617	3,866
Current liabilities			
Trade and other payables		**272**	309
Borrowings	12	**418**	331
Income taxes payable		**15**	11
Employee benefits		**2**	2
Other current liabilities	13	**300**	2
		1,007	655
Total liabilities		**4,624**	4,521
Total equity and liabilities		**5,622**	5,057

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2017

$ million	Notes	2017	2016
Cash flows from operating activities:			
Cash receipts from customers		**1,640**	700
Net proceeds/(payments) on non-current VAT		**232**	(89)
Cash payments to employees, suppliers and taxes other than non-current VAT and income tax		**(788)**	(491)
Cash flow from operations before interest and income taxes paid	14(a)	**1,084**	120
Interest paid		**(222)**	(179)
Income taxes paid		**(110)**	(39)
Net cash flows from/(used in) operating activities		**752**	(98)
Cash flows from investing activities:			
Interest received		**16**	9
Proceeds from disposal of property, plant and equipment and mining assets		**1**	1
Purchase of intangible assets		**(2)**	(3)
Purchase of property, plant and equipment		**(92)**	(269)
Investments in mining assets, including licences		**(43)**	(52)
Licence payments for subsoil contracts		**(1)**	(2)
Acquisition of non-current investments		**–**	(1)
Movement in short-term bank deposits	14(c)	**–**	400
Net cash flows (used in)/from investing activities		**(121)**	83
Cash flows from financing activities:			
Proceeds from borrowings		**376**	594
Repayment of borrowings		**(294)**	(321)
Net cash flows from financing activities	14(c)	**82**	273
Net increase in cash and cash equivalents	14(c)	**713**	258
Cash and cash equivalents at the beginning of the year		**1,108**	851
Effect of exchange rate changes on cash and cash equivalents	14(c)	**–**	(1)
Cash and cash equivalents at the end of the year	14(b)	**1,821**	1,108

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2017

	Attributable to equity holders of the Company						
$ million	Share capital	Share premium	Capital reserves[1]	Retained earnings	Total	Non-controlling interests	Total equity
At 1 January 2016	171	2,650	(2,072)	(430)	319	3	322
Profit for the year	–	–	–	177	177	–	177
Exchange differences on retranslation of foreign operations	–	–	35	–	35	–	35
Total comprehensive income for the year	–	–	35	177	212	–	212
Share-based payments, net of taxes	–	–	–	2	2	–	2
At 31 December 2016	171	2,650	(2,037)	(251)	533	3	536
Profit for the year	**–**	**–**	**–**	**447**	**447**	**–**	**447**
Exchange differences on retranslation of foreign operations	**–**	**–**	**8**	**–**	**8**	**–**	**8**
Actuarial gain on employee benefits, net of tax	**–**	**–**	**–**	**1**	**1**	**–**	**1**
Total comprehensive income for the year	**–**	**–**	**8**	**448**	**456**	**–**	**456**
Share-based payments, net of taxes	**–**	**–**	**–**	**6**	**6**	**–**	**6**
At 31 December 2017	**171**	**2,650**	**(2,029)**	**203**	**995**	**3**	**998**

1 Refer to note 11(c) for an analysis of 'Capital reserves'.

1. Corporate information

KAZ Minerals PLC (the 'Company') is a public limited company incorporated in England and Wales. The Company's registered office is 6th Floor, Cardinal Place, 100 Victoria Street, London SW1E 5JL, United Kingdom. The Group comprises the Company and its consolidated divisions. The Group consists of Bozshakol, Aktogay, the East Region, Bozymchak and Mining Projects including Koksay.

2. Basis of preparation

The condensed consolidated financial statements ('the financial statements') for the year ended 31 December 2017 does not constitute statutory accounts as defined in Sections 435(1) and (2) of the Companies Act 2006. Statutory accounts for the year ended 31 December 2016 have been delivered to the Registrar of Companies and those for 2017 will be delivered following the Company's Annual General Meeting convened for Thursday 3 May 2018. The auditor has reported on these accounts; their reports were unqualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis of matter and did not contain a statement under Sections 498(2) or (3) of the Companies Act 2006.

(a) Going concern

The Group's business activities, together with the factors likely to impact its future growth and operating performance, are set out in the Operating review. The financial performance and position of the Group, its cash flows and available debt facilities are described in the Financial review. In addition, the Group's objectives, policies and processes for managing its capital structure, liquidity position and financial risks arising from exposures to commodity prices, interest rates, foreign exchange and counterparties are set out in the notes to the Financial Statements in the Annual Report and Accounts.

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

At 31 December 2017, the Group's net debt was $2,056 million with total debt of $3,877 million, and gross liquid funds of $1,821 million.

The gross debt consisted of:

- $1,524 million of the CDB-Bozshakol and Bozymchak facilities, which amortises over the period to 2025;
- $1,455 million of the CDB-Aktogay US dollar and Chinese yuan facilities, which amortise over the period to 2029, with repayments increasing from March 2018;
- $600 million of the PXF facility which amortises over the period from July 2018 to June 2021; and
- $298 million of the DBK facility, which amortises during the period from June 2018 to June 2025.

The Board has considered the Group's cash flow forecasts for the period to 31 March 2019, the outlook for commodity prices, production levels from the Group's operations, its future capital requirements, including the planned expansion of Aktogay, the deferred capital payments to NFC and the principal repayments due under the Group's debt facilities. The Board is satisfied that the Group's forecasts, taking into account reasonably possible downside scenarios, show that the Group has adequate liquidity to continue in operational existence for the foreseeable future. Accordingly, it is appropriate to adopt the going concern basis of accounting in the preparation of these consolidated financial statements.

(b) Basis of accounting

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

All accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2017.

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

In preparing these consolidated financial statements, the Group has adopted all the applicable extant accounting standards issued by the International Accounting Standards Board ('IASB') and all the applicable extant interpretations issued by the International Financial Reporting Interpretations Committee ('IFRIC') and as adopted by the European Union ('EU') up to 31 December 2017.

IFRS 15 '*Revenue from Contracts with Customers*' and IFRS 9 '*Financial Instruments*' are new accounting standards issued by IASB and endorsed by the EU and effective from 1 January 2018. The application of and transition to the two standards do not have a material impact on the Group's net assets. More detailed information on the transition to the standards applicable in 2018 will be included in the Group's 2017 Annual Report and Accounts. IFRS 16 '*Leases*' and IFRIC 23 '*Uncertainty over Income Tax Treatments*' which are effective from 1 January 2019 are being assessed.

(c) Basis of consolidation

The consolidated financial statements set out the Group's financial position as at 31 December 2017 and the Group's financial performance for the year ended 31 December 2017.

Subsidiaries are those enterprises controlled by the Group. Control exists when the Group has the power, directly or indirectly, to direct those activities of an enterprise that most significantly affect the returns the Group earns from its involvement with the enterprise. Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in the income statement. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This treatment may mean that amounts previously recognised in other comprehensive income are recycled through the income statement.

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

(d) Statement of compliance

The consolidated financial statements of the Company and all its subsidiaries have been prepared in accordance with IFRSs as issued by IASB and interpretations issued by IFRIC of the IASB, as adopted by EU, and in accordance with the provisions of the Companies Act 2006.

3. Significant accounting judgements and key sources of estimation uncertainty

In the course of preparing these financial statements, the Directors make necessary judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Judgements are based on the Directors' best knowledge of the relevant facts and circumstances having regard to prior experience, but actual results may differ from the amounts included in the consolidated financial statements.

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

The following are the critical judgements and the key assumptions and sources of estimation uncertainty concerning the future which the Directors believe are likely to have the most significant effect on the amounts recognised in the consolidated financial statements. However, the Directors do not expect a significant risk of a material change to the carrying value of non-current inventory, decommissioning and site restoration liabilities and taxes, including deferred taxes, over the next twelve months arising from changes in estimates.

Achievement of commercial production

Once an operation reaches the operating level intended by management and regarded to be "commercial", capitalisation of development costs including borrowing costs ceases, the depreciation of capitalised costs begins and the revenues and operational costs are recorded in the income statement and not capitalised to the balance sheet. Significant judgement is required to determine when the Group's assets achieve commercial production, including completion of a reasonable period of commissioning, consistent achievement of operational results at a pre-determined level of expected capacity and indications exist that this level will continue, mineral recoveries are at or approaching expected levels and the transfer of the operation from project personnel to operational personnel.

For the Bozshakol operation, commercial production of the clay plant was determined to have been achieved on 1 July 2017. In making this assessment, the Directors considered the performance of the plant of at least 60% of its design capacity for a three month period, which is broadly consistent with industry practice. Revenues, production costs and interest incurred on borrowings to finance the project were recognised in the income statement and depreciation of its asset base commenced from that date. The Bozshakol sulphide plant achieved commercial production on 27 October 2016.

The Aktogay sulphide plant achieved commercial production from 1 October 2017 after consistent production of at least 60% of its design capacity over a three month period. Revenues, production costs and interest incurred on borrowings to finance the project were recognised in the income statement with the commencement of depreciation of its assets from that date. The Aktogay oxide plant achieved commercial production on 1 July 2016.

Impairment of assets

The Directors review the carrying value of the Group's assets to determine whether there are any indicators of impairment such that the carrying values of the assets may not be recoverable. The assessment of whether an indicator of impairment or reversal thereof has arisen requires considerable judgement, taking account of future operational and financial plans, commodity prices, market demand and the competitive environment. For exploration and evaluation assets held by the Group, indicators of impairment can include: (a) the right to explore in a specific area has expired and is not expected to be renewed (b) significant expenditure for further exploration or evaluation activities is not being planned (c) exploration and evaluation of mineral resources have not led to the discovery or confirmation of commercially viable resource, or (d) that sufficient data exists to indicate that the carrying amount of the asset may not be recovered in full from development or sale.

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

The preparation of discounted future cash flows includes management estimates of commodity prices, market demand and supply, future operating costs, economic and regulatory environments, capital expenditure requirements, long-term mine plans and other factors.

Any subsequent changes to cash flows due to changes in the factors listed above could impact the recoverable amount of the assets.

An assessment of the key external and internal factors, including changes to equity analyst and management's medium and long-term commodity prices expectations, exchange rates, cash costs and production expectations affecting the Group and its cash generating units ('CGUs') at 31 December 2017 (and 31 December 2016) did not identify any indicators of impairment or reversal thereof. The Group's CGUs are aligned to the operating divisions as described in note 1. In assessing commodity prices for indicators of impairment, consideration was given to a range of equity analyst long-term copper prices with a median price of around $6,500/t.

Non-current inventories

Mining activities that may result in the stockpiling of ore which is not expected to be processed within 12 months of the balance sheet date and is considered to fall outside of the normal operating cycle of the operation is classified as a non-current asset. The classification of stockpiled ore between non-current and current assets is based on judgements as to the expected timing of processing and on future production plans. The stockpiled ore is reflected at the lower of cost or net realisable value, with net realisable value subject to estimates of further processing, delivery costs and future commodity prices. Commodity prices applied in assessing the net realisable value fall within the range of equity analyst commodity price expectations.

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

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

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

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

There are numerous uncertainties inherent in estimating ore reserves, and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may ultimately result in reserves being revised.

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

Decommissioning and site restoration costs

The Directors use judgement and experience in determining the expected timing and closure and decommissioning methods, which can vary in response to changes to relevant legal requirements and technologies. The ultimate cost of decommissioning and rehabilitation is uncertain and cost estimates can also vary in response to many factors including the emergence of new restoration techniques and costs of materials and labour. The expected timing and extent of expenditure can also change in response to changes in ore reserve estimates, processing levels and even commodity prices while future costs are discounted using expected discount rates. As such, there could be significant adjustments to the current provisions which would affect the future financial performance of the Group.

Taxes

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

4. Segment information

Information provided to the Group's Board of Directors for the purposes of resource allocation and the assessment of segmental performance is prepared in accordance with the management and operational structure of the Group. For management and operational purposes, the Group is organised into a number of businesses as shown below, according to the nature of their operations, end-products and services rendered. Each of these business units represents an operating segment in accordance with IFRS 8 '*Operating Segments*'. On the grounds of materiality, the East Region and Bozymchak segments have been presented on a combined basis for the year ended 31 December 2017 and the comparative information has been restated accordingly.

The Group's operating segments are:

Bozshakol

The Bozshakol open pit, sulphide concentrator and clay plant located in the Pavlodar region of Kazakhstan and the associated international sales and marketing activities managed out of the UK. The sulphide concentrator, which sells copper concentrate with gold content as a by-product, was commissioned in February 2016 and achieved commercial production on 27 October 2016 with its revenues and costs being recognised in the income statement from that date. The clay plant, which was commissioned in the fourth quarter of 2016 and which achieved commercial production on 1 July 2017, is included in the Bozshakol operating segment due to the sharing of infrastructure and mining pit, its relative small size and to reflect the Group's management structure. The clay plant's pre-commercial revenues and costs were recorded against property, plant and equipment until it achieved commercial production from when depreciation of the asset base commenced and interest associated with borrowings used to finance the construction of the plant was expensed.

Aktogay

The Aktogay open pit, sulphide concentrator and oxide plant located in the east of Kazakhstan and the associated international sales and marketing activities managed out of the UK. The sulphide concentrator was commissioned in the final quarter of 2016 and achieved commercial production on 1 October 2017 with its revenues and costs being recognised in the income statement from that date. Until commercial production was achieved, the revenues and operating costs of the sulphide concentrator were recorded against property, plant and equipment. The oxide operation, which sells copper cathodes, reached commercial production on 1 July 2016 with its revenues and costs being recognised in the income statement from that date. The oxide plant is included in the Aktogay operating segment due to the sharing of infrastructure, its relative small size and to reflect the Group's management structure.

East Region and Bozymchak

The East Region and Bozymchak are reflected as one operating segment and consists of Vostoktsvetmet LLC ('East Region'), whose principal activity is the mining and processing of copper and other metals which are produced as by-products from three underground mines and concentrators located in the eastern region of Kazakhstan; and KAZ Minerals Bozymchak LLC ('Bozymchak') a copper-gold open pit mine and concentrator located in western Kyrgyzstan and the associated international sales and marketing activities managed out of the UK. In the current period, Bozymchak did not satisfy the quantitative requirements of IFRS 8 'Operating Segments' for disclosure as a separate segment and was combined with the East Region operations, given their similar economic characteristics; similar concentrate production processes and as their combined output is toll processed at the Balkhash smelter and subsequently sold to the Group's customers. In 2016, Bozymchak was reflected as a separate segment. The comparative disclosures have been restated to reflect the East Region and Bozymchak as a combined segment.

Mining Projects

The Group's project companies, who are responsible for the assessment and development of metal deposits and processing facilities. The segment includes the Koksay mineral deposit.

Managing and measuring operating segments

The key performance measure of the operating segments is EBITDA (excluding special items), which is defined as earnings before interest, taxation, depreciation, depletion, amortisation, mineral extraction tax and royalties, as adjusted for special items. Special items are those items which are non-recurring or variable in nature and which do not impact the underlying trading performance of the business (see note 6). EBITDA (excluding special items) is a key non-IFRS measure that the Directors use internally to assess the performance of the Group's segments and is viewed as relevant to capital intensive industries with long life assets. The Directors also believe that this measure closely reflects the operating cash generative capacity and therefore the trading performance of the business as a whole. Special items are excluded to enhance comparability of EBITDA (excluding special items) from period to period.

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

(a) Operating segments

(i) Income statement information

$ million	Bozshakol	Aktogay	East Region and Bozymchak	Corporate Services	Total
					Year ended 31 December 2017
Revenues					
Gross Revenues	**719**	**530**	**689**	**–**	**1,938**
Pre-commercial production revenues capitalised to property, plant and equipment[1]	**(21)**	**(254)**	**–**	**–**	**(275)**
Revenues – income statement	**698**	**276**	**689**	**–**	**1,663**
Gross EBITDA (excluding special items)	**515**	**374**	**371**	**(25)**	**1,235**
Pre-commercial production EBITDA capitalised to property, plant and equipment[1,2]	**(12)**	**(185)**	**–**	**–**	**(197)**
EBITDA (excluding special items)	**503**	**189**	**371**	**(25)**	**1,038**
Special items[3] – note 6	**–**	**–**	**(3)**	**(16)**	**(19)**
EBITDA	**503**	**189**	**368**	**(41)**	**1,019**
Less: depreciation, depletion and amortisation[4]	**(86)**	**(42)**	**(43)**	**(1)**	**(172)**
Less: mineral extraction tax and royalties[2,4]	**(52)**	**(21)**	**(59)**	**–**	**(132)**
Operating profit/(loss)	**365**	**126**	**266**	**(42)**	**715**
Net finance costs					**(135)**
Income tax expense					**(133)**
Profit for the year					**447**

$ million	Bozshakol	Aktogay	East Region and Bozymchak	Corporate Services	Total
					Year ended 31 December 2016
Revenues					
Gross Revenues	280	68	621	–	969
Pre-commercial production revenues capitalised to property, plant and equipment[1]	(187)	(16)	–	–	(203)
Revenues – income statement	93	52	621	–	766
Gross EBITDA (excluding special items)	204	33	279	(24)	492
Pre-commercial production EBITDA capitalised to property, plant and equipment[1,2]	(137)	(4)	–	–	(141)
EBITDA (excluding special items)	67	29	279	(24)	351
Special items – note 6	–	–	(3)	–	(3)
EBITDA	67	29	276	(24)	348
Less: depreciation, depletion and amortisation	(11)	(6)	(42)	(1)	(60)
Less: mineral extraction tax and royalties[2]	(7)	(8)	(55)	–	(70)
Operating profit/(loss)	49	15	179	(25)	218
Net finance income					2
Income tax expense					(43)
Profit for the year					177

1 During pre-commercial production, revenues and operating costs are capitalised to property, plant and equipment.

2 MET and royalties have been excluded from the key financial indicator of EBITDA. The Directors believe that MET and royalties are a substitute for a tax on profits, hence their exclusion provides an informed measure of the operational performance of the Group. The MET incurred at the Bozshakol clay and Aktogay sulphide plants during the pre-commercial production stage of $3 million (2016: $25 million – sulphide plant) and $22 million (2016: $9 million – oxide plant) respectively has been capitalised to property, plant and equipment. MET incurred on stockpiled clay ore at Bozshakol and included within non-current inventories was $32 million (2016: $33 million).

3 The impairment of $16 million arises from the decision not to continue with the smelter study and reflects cost incurred to date. These costs were incurred in the Mining Projects segment and disclosed in the Corporate Services segment to reflect the write off to the income statement.

4 Depreciation, depletion and amortisation and MET and royalties exclude the costs associated with inventories on the balance sheet.

(ii) Balance sheet information

$ million	Bozshakol	Aktogay	East Region and Bozymchak	Mining Projects	Corporate Services	Total
						At 31 December 2017
Assets						
Property, plant and equipment, mining assets and intangible assets[1]	**1,211**	**1,191**	**334**	**242**	**2**	**2,980**
Intragroup investments	**–**	**–**	**–**	**–**	**5,305**	**5,305**
Other non-current assets[2]	**131**	**9**	**29**	**1**	**–**	**170**
Inter-segment loans	**–**	**–**	**–**	**–**	**1,871**	**1,871**
Operating assets[3]	**191**	**188**	**198**	**–**	**6**	**583**
Cash and cash equivalents	**87**	**354**	**176**	**2**	**1,202**	**1,821**
Segment assets	**1,620**	**1,742**	**737**	**245**	**8,386**	**12,730**
Deferred tax asset						**65**
Income taxes receivable						**13**
Elimination						**(7,186)**
Total assets						**5,622**
Liabilities						
Employee benefits and provisions	**8**	**4**	**71**	**–**	**–**	**83**
Inter-segment borrowings	**1,031**	**694**	**146**	**–**	**–**	**1,871**
Operating liabilities[4]	**87**	**358**	**52**	**4**	**88**	**589**
Segment liabilities	**1,126**	**1,056**	**269**	**4**	**88**	**2,543**
Borrowings						**3,877**
Deferred tax liability						**70**
Income taxes payable						**15**
Elimination						**(1,881)**
Total liabilities						**4,624**

$ million	Bozshakol	Aktogay	East Region and Bozymchak	Mining Projects	Corporate Services	Total
						At 31 December 2016
Assets						
Property, plant and equipment, mining assets and intangible assets[1]	1,291	1,261	305	241	2	3,100
Intragroup investments	–	–	–	–	5,195	5,195
Other non-current assets[2]	214	120	29	1	–	364
Inter-segment loans	–	–	–	–	2,252	2,252
Operating assets[3]	140	82	198	–	8	428
Cash and cash equivalents	33	293	41	1	740	1,108
Segment assets	1,678	1,756	573	243	8,197	12,447
Deferred tax asset						72
Income taxes receivable						7
Elimination						(7,469)
Total assets						5,057
Liabilities						
Employee benefits and provisions	6	2	66	–	–	74
Inter-segment borrowings	1,201	839	212	–	–	2,252
Operating liabilities[4]	110	339	75	3	98	625
Segment liabilities	1,317	1,180	353	3	98	2,951
Borrowings						3,777
Deferred tax liability						56
Income taxes payable						11
Elimination						(2,274)
Total liabilities						4,521

1 Property, plant and equipment, mining assets and intangible assets are located in the principal country of operations of each operating segment. Bozshakol, Aktogay and Mining Projects segments principally operate in Kazakhstan. The East Region and Bozymchak segment includes $273 million of the East Region assets located in Kazakhstan and $61 million of Bozymchak assets located in Kyrgyzstan (2016: $247 million and $58 million respectively).
2 Other non-current assets comprise non-current VAT receivable, advances paid for property, plant and equipment, non-current inventories and other non-current investments (see note 10).
3 Operating assets comprise inventories, prepayments and other current assets and trade and other receivables, including intragroup non-financing related receivables.
4 Operating liabilities comprise trade and other payables, including intragroup non-financing related payables, other non-current and current liabilities.

(iii) Capital expenditure[1]

$ million	Bozshakol	Aktogay	East Region and Bozymchak	Mining Projects	Corporate Services	Total
						Year ended 31 December 2017
Property, plant and equipment[2,3]	**71**	**(29)**	**35**	**14**	**1**	**92**
Mining assets[2,3]	**2**	**2**	**39**	**–**	**–**	**43**
Intangible assets	**1**	**–**	**–**	**–**	**1**	**2**
Capital expenditure	**74**	**(27)**	**74**	**14**	**2**	**137**

$ million	Bozshakol	Aktogay	East Region and Bozymchak	Mining Projects	Corporate Services	Total
						Year ended 31 December 2016
Property, plant and equipment[2,3]	90	150	28	–	1	269
Mining assets[2,3]	12	6	33	1	–	52
Intangible assets	2	–	1	–	–	3
Capital expenditure	104	156	62	1	1	324

1 The capital expenditure presented by operating segment reflects cash paid and is aligned with the Group's internal capital expenditure reporting.
2 Cash capital expenditure for Aktogay and Bozshakol includes a $106 million inflow and a $7 million outflow respectively of net operating cash flows incurred during the period prior to the achievement of commercial production (2016: cash outflow of $12 million and cash inflow $12 million respectively). Of the $74 million cash capital expenditure at Bozshakol in 2017 (2016: $104 million), $35 million relates to long-term stockpiled clay ore spent ahead of commercial production to 30 June 2017 (2016: $52 million).
3 Capital expenditure includes non-current advances paid for items of property, plant and equipment and mining assets.

(b) Segmental information in respect of revenues

Revenues by product to third parties are as follows:

$ million	Bozshakol	Aktogay	East Region and Bozymchak	Total
				Year ended 31 December 2017
Copper cathodes	**62**	**212**	**424**	**698**
Copper in concentrate	**510**	**315**	**9**	**834**
Zinc in concentrate	**–**	**–**	**115**	**115**
Gold	**–**	**–**	**78**	**78**
Gold in concentrate	**137**	**–**	**1**	**138**
Silver	**–**	**–**	**50**	**50**
Silver in concentrate	**10**	**3**	**1**	**14**
Other revenue	**–**	**–**	**11**	**11**
Gross Revenues	**719**	**530**	**689**	**1,938**
Less: pre-commercial production revenues capitalised to property, plant and equipment	**(21)**	**(254)**	**–**	**(275)**
Revenues – income statement	**698**	**276**	**689**	**1,663**

$ million	Bozshakol	Aktogay	East Region and Bozymchak	Total
				Year ended 31 December 2016
Copper cathodes	–	68	389	457
Copper in concentrate	202	–	10	212
Zinc in concentrate	–	–	95	95
Gold	–	–	69	69
Gold in concentrate	73	–	6	79
Silver	–	–	46	46
Silver in concentrate	5	–	–	5
Other revenue	–	–	6	6
Gross Revenues	280	68	621	969
Less: pre-commercial production revenues capitalised to property, plant and equipment	(187)	(16)	–	(203)
Revenues – income statement	93	52	621	766

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

	At 31 December 2017		At 31 December 2016	
	Provisionally priced volumes	**Weighted average provisional price**	Provisionally priced volumes	Weighted average provisional price
Copper	**4 kt**	**6,865 $/t**	3 kt	5,466 $/t
Copper in concentrate	**22 kt**	**6,067 $/t**	13 kt	5,063 $/t
Zinc in concentrate	**4 kt**	**2,516 $/t**	4 kt	1,517 $/t
Gold in concentrate	**19 koz**	**1,276 $/oz**	34 koz	1,261 $/oz
Silver in concentrate	**65 koz**	**16 $/oz**	–	–

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

$ million	**Year ended 31 December 2017** Bozshakol	Aktogay	East Region and Bozymchak	Total
China	**706**	**371**	**391**	**1,468**
Europe	**13**	**159**	**136**	**308**
Kazakhstan and Central Asia	**–**	**–**	**162**	**162**
Gross Revenues	**719**	**530**	**689**	**1,938**
Less: pre-commercial production revenues capitalised to property, plant and equipment	**(21)**	**(254)**	**–**	**(275)**
Revenues – income statement	**698**	**276**	**689**	**1,663**

$ million	Year ended 31 December 2016 Bozshakol	Aktogay	East Region and Bozymchak	Total
China	280	15	275	570
Europe	–	53	195	248
Kazakhstan and Central Asia	–	–	151	151
Gross Revenues	280	68	621	969
Less: pre-commercial production revenues capitalised to property, plant and equipment	(187)	(16)	–	(203)
Revenues – income statement	93	52	621	766

Year ended 31 December 2017

The Group's copper concentrate sales and some cathode and zinc sales have been contracted to a single trader, Advaita Trade Private Ltd (Advaita). Advaita is part of an independent metals trading group founded in 2014 by former employees of the Group with significant experience in marketing metals the Group produces into Europe and China. Sales from all the Group's segments to Advaita, comprise 71% ($1,377 million) of Gross Revenues.

Year ended 31 December 2016

Two customers, which each represented more than 10% of Gross Revenues, in aggregate comprised 32% or $313 million of Gross Revenues. The largest customer, which represented 19% ($184 million) of Gross Revenues, was distributed between Bozshakol (85%) and the East Region and Bozymchak segment (15%) Gross Revenues. The second largest customer, which represented 13% of Gross Revenues ($129 million), was distributed between Bozshakol (96%) and the East Region and Bozymchak (4%) segment Gross Revenues.

5. Impairment losses

$ million	**2017**	2016
Impairment charges against property, plant and equipment[1]	**19**	3
Impairment charges against non-current VAT receivable[1]	**1**	–
	20	3

1 These impairments are considered to be special items for the purposes of determining the Group's key financial indicator of EBITDA (excluding special items) and Underlying Profit (see note 9).

Mining Projects – impairment charges

Following an assessment of partnering options and a review of the project, the Group determined that it will not progress the smelter project further. $16 million incurred to date on the feasibility study was impaired and comprises $15 million of impairment charges against property, plant and equipment and $1 million written off against non-current VAT receivable.

East Region – impairment charges

An impairment of $4 million (2016: $3 million) has been recognised against items of property, plant and equipment which are no longer expected to be utilised.

6. Special items

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

$ million	2017	2016
Special items within operating profit:		
Impairment charges against property, plant and equipment	**19**	3
Impairment charges against non-current VAT receivable	**1**	–
Other reimbursements	**(1)**	–
	19	3
Special items within profit before taxation:		
PXF fees	**10**	–
Taxation related special items:		
Recognition of a deferred tax asset resulting from impairment charges	**–**	–
Total special items	**29**	3

7. Finance income and finance costs

Finance income

$ million	2017	2016
Interest income	**17**	9
Fair value gains on debt related derivative financial instruments	**13**	–
	30	9

Finance costs

$ million	2017	2016
Interest expense	**158**	42
Total interest expense[1]	**246**	205
Less: amounts capitalised to the cost of qualifying assets[2,3]	**(88)**	(163)
Interest on employee obligations	**2**	1
Unwinding of discount on provisions and other liabilities	**5**	2
Fair value losses on debt related derivative financial instruments	**–**	11
	165	56

1 Total interest expense includes $221 million (2016: $197 million) of interest incurred on borrowings, $10 million PXF fees and $15 million (2016: $8 million) relating to the unwinding of the discount on the NFC deferral agreement (see note 13).

2 In 2017, the Group capitalised to the cost of qualifying assets $10 million (2016: $82 million) of borrowing costs incurred on the outstanding CDB-Bozshakol and Bozymchak facilities during the year at an average rate of interest of 5.87% (2016: 5.40%), $56 million (2016: $73 million) on the CDB-Aktogay US$ and CNY facilities at an average rate of interest of 5.60% and 4.54% respectively (2016: 5.12% and 4.33%) and $11 million (2016: $nil) on the $300 million DBK loan at an average interest rate of 5.89%. Interest capitalised also includes $11 million (2016: $8 million) of unwinding of interest on the deferred NFC payable (see note 13).

3 Interest costs on borrowings capitalised to qualifying assets of $77 million (2016: $155 million) will be deductible for tax purposes against future taxable income as an annual wear and tear allowance on assets or when incurred based on country specific tax definitions. The capitalised interest will provide tax relief at 20%, being the currently applicable corporate income tax rate of Kazakhstan where the assets are located.

8. Income tax expense

Major components of income tax expense are:

$ million	2017	2016
Current income tax		
Corporate income tax – current period (UK)	**–**	–
Corporate income tax – current period (overseas)	**103**	31
Corporate income tax – prior periods (UK)	**4**	–
Corporate income tax – prior periods (overseas)	**1**	1
Deferred income tax		
Corporate income tax – current period temporary differences	**24**	14
Corporate income tax – prior periods temporary differences	**1**	(3)
	133	43

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

$ million	2017	2016
Profit before tax	**580**	220
At UK statutory income tax rate of 19.25% (2016: 20.0%)[1]	**112**	44
Underprovided in prior periods – current income tax	**5**	1
Under/(over) provided in prior periods – deferred income tax	**1**	(3)
Unrecognised tax losses	**4**	3
Effect of domestic tax rates applicable to individual Group entities	**–**	(5)
Non-deductible items:		
Transfer pricing	**2**	1
Other non-deductible expenses	**9**	2
	133	43

1 The UK statutory rate for January to March 2017 was 20.0% and for April to December 2017 is 19.0%, giving an average full year rate of 19.25%.

Corporate income tax ('CIT') is calculated at 19.25% (2016: 20.0%) of the assessable profit for the year for the Company and its UK subsidiaries and 20.0% for the operating subsidiaries in Kazakhstan (2016: 20.0%). In Kyrgyzstan, changes to legislation applicable from November 2017 has reduced CIT to 0%, replaced by a tax on gold revenues, which is reflected as royalties within selling expenses.

Effective tax rate

The effective tax rate was 23% (2016: 20%). Tax charges are affected by the mix of profits and tax jurisdictions in which the Group operates. The impact of unrecognised tax losses and non-deductible items, which may include impairment losses, increases the Group's overall effective tax rate.

The following factors impacted the effective tax rate for the year ended 31 December 2017:

Unrecognised tax losses

Deferred tax assets have not been recognised on available tax losses at Bozymchak, as the entity is subject to a CIT rate of 0% following the introduction of a tax on gold revenues. As such, the prior period tax losses will not be available for use from November 2017. In the UK, unrecognised tax losses in 2017 arise from the application of the interest limitation rules which has restricted the amount of interest deductible in the UK. The restricted interest was not recognised as a deferred tax asset given the uncertainty over its full utilisation in future years.

In 2016, deferred tax assets were not recognised on tax losses at Bozymchak, given the five year statute of limitations and as it was uncertain whether it will would generate sufficient taxable profits after capital allowances to utilise these losses, and in the United Kingdom, given limitations on the carry forward of Group losses.

Other non-deductible expenses

Non-deductible items mainly comprise of impairment losses arising from the write off of assets in the East Region and the smelter feasibility study costs and from certain social community investments.

The 2016 non-deductible expenses mainly comprise of supplier replaced equipment treated as gains for tax purposes and social community investments and contributions, which are not generally deductible and impairment charges and provisions recognised against various assets most notably in the East Region operations.

9. Earnings per share

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

$ million (unless otherwise stated)	2017	2016
Net profit attributable to equity shareholders of the Company	**447**	177
Special items net of taxation – note 6	**29**	3
Underlying Profit	**476**	180
Weighted average number of ordinary shares of 20 pence each for EPS on Ordinary and Underlying Profit calculation	**446,658,862**	446,504,093
Ordinary EPS – basic and diluted ($)	**1.00**	0.40
EPS based on Underlying Profit – basic and diluted ($)	**1.07**	0.40

(a) Ordinary EPS

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

(b) EPS based on Underlying Profit

The Group's Underlying Profit is the net profit for the year excluding special items and their tax and non-controlling interest effects, as shown in the table above. EPS based on Underlying Profit is calculated by dividing Underlying Profit attributable to equity holders of the Company by the weighted average number of ordinary shares of 20 pence each outstanding during the year. EPS based on Underlying Profit is a non-IFRS measure that the Directors believe provides a consistent measure for comparing the underlying trading performance of the Group.

10. Other non-current assets

$ million	2017	2016
Advances paid for property, plant and equipment	**8**	18
Non-current VAT receivable[1]	**38**	264
Non-current inventories[2]	**124**	82
Long-term bank deposits[3]	**2**	2
Gross value of other non-current assets	**172**	366
Provision for impairment	**(2)**	(2)
	170	364

1 Comprises VAT incurred, principally at Bozymchak at 31 December 2017 (2016: principally Bozshakol and Aktogay) which is subject to audit and other administrative procedures prior to refund, with anticipated refund dates in excess of 12 months from the balance sheet date.
2 Non-current inventories comprise ore stockpiles that are expected to be processed in excess of 12 months from the balance sheet date and relate mainly to clay ore at Bozshakol.
3 Long-term bank deposits are monies placed in escrow accounts with financial institutions in Kazakhstan and Kyrgyzstan as required by the Group's site restoration obligations.

11. Share capital and reserves

(a) Allotted share capital

	Number	£ million	$ million
Allotted and called up share capital – ordinary shares of 20 pence each			
At 1 January 2016, 31 December 2016 and 2017	458,379,033	92	171

The issued share capital was fully paid. During the year 143,310 (2016: 14,774) treasury shares were used to satisfy awards under the Company's Save As You Earn ('SAYE') and Deferred Share Bonus Plan ('DSBP') schemes. At 31 December 2017, the Company holds 11,543,746 (2016: 11,687,056) ordinary shares in treasury and the issued share capital of the Company which carries voting rights of one vote per share, comprises 446,835,287 (2016: 446,691,977) ordinary shares (excluding treasury shares).

(b) Own shares purchased under the Group's share-based payment plans

The provision of shares to the Group's share-based payment plans is facilitated by an Employee Benefit Trust. The cost of shares purchased by the Trust is charged against retained earnings as treasury shares. The Employee Benefit Trust has waived the right to receive dividends on these shares. During 2017, the Company made no purchases of shares (2016: 250,000 shares at a cost of $0.6 million) through the Trust in anticipation of satisfying future awards. 223,429 shares (2016: 218,249) were transferred out of the Trust in settlement of share awards granted to employees that were exercised during the period. Following approval from shareholders, shares held in treasury will be used to settle future awards.

At 31 December 2017, the Group, through the Employee Benefit Trust, owned 19,727 shares in the Company (2016: 243,156) with a market value of $0.2 million and a cost of $0.1 million (2016: $1.1 million and $4.6 million respectively). The shares held by the Trust represented less than 0.01% (2016: 0.05%) of the issued share capital at 31 December 2017.

(c) Capital reserves

$ million	Currency translation reserve	Capital redemption reserve	Total
At 1 January 2016	(2,103)	31	(2,072)
Exchange differences on retranslation of foreign operations	35	–	35
At 31 December 2016	(2,068)	31	(2,037)
Exchange differences on retranslation of foreign operations	**8**	**–**	**8**
At 31 December 2017	**(2,060)**	**31**	**(2,029)**

(i) Currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of subsidiaries whose functional currency is not the US dollar into the Group's presentation currency.

(ii) Capital redemption reserve

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

12. Borrowings

	Maturity	Average interest rate during the year	Currency of denomination	Current $ million	Non-current $ million	Total $ million
31 December 2017						
CDB-Bozshakol and Bozymchak – US$ LIBOR + 4.50%	2025	5.87%	US dollar	**179**	**1,345**	**1,524**
CDB-Aktogay facility – PBoC 5 year	2028	4.54%	CNY	**12**	**116**	**128**
CDB-Aktogay facility – US$ LIBOR + 4.20%	2029	5.60%	US dollar	**105**	**1,222**	**1,327**
Pre-export finance facility – US$ LIBOR + 3.00% - 4.50%	2021	5.04%	US dollar	**100**	**500**	**600**
Development Bank of Kazakhstan – US$ LIBOR + 4.50%	2025	5.89%	US dollar	**22**	**276**	**298**
				418	**3,459**	**3,877**
31 December 2016						
CDB-Bozshakol and Bozymchak – US$ LIBOR + 4.50%	2025	5.40%	US dollar	183	1,520	1,703
CDB-Aktogay facility – PBoC 5 year	2028	4.33%	CNY	11	120	131
CDB-Aktogay facility – US$ LIBOR + 4.20%	2029	5.12%	US dollar	–	1,325	1,325
Pre-export finance facility – US$ LIBOR + 3.00% - 4.50%	2018	4.97%	US dollar	137	144	281
Caterpillar revolving credit facility – US$ LIBOR + 4.25%	2019	4.92%	US dollar	–	40	40
Development Bank of Kazakhstan – US$ LIBOR + 4.50%	2025	5.79%	US dollar	–	297	297
				331	3,446	3,777

CDB-Bozshakol and Bozymchak facilities

At 31 December 2017, $1.5 billion (2016: $1.7 billion) was drawn under the facility agreements. The facilities accrue interest at US$ LIBOR plus 4.50% and arrangement fees with an amortised cost at 31 December 2017 of $15 million (2016: $20 million) have been netted off against these borrowings in accordance with IAS 39. During 2017, $183 million of the borrowing was repaid, with $183 million due to be paid within 12 months of the balance sheet date (including $4 million of unamortised debt costs). The facility is repayable in half-yearly instalments in January and July with final maturity in 2025. KAZ Minerals PLC acts as guarantor of the facilities.

CDB-Aktogay facilities

The CDB-Aktogay facility consists of a CNY 1.0 billion facility and a $1.3 billion US dollar facility. The funds mature 15 years from the date of the first draw down. KAZ Minerals PLC acts as guarantor of the loans.

The CNY 1.0 billion facility was fully drawn at 31 December 2015. At 31 December 2017, the drawn US dollar equivalent amount was $128 million (2016: $131 million). The facility accrues interest at the applicable benchmark lending rate published by the People's Bank of China. During 2017, the Group made principal payments of $12 million with $12 million due to be paid within 12 months of the balance sheet date. The facility is repayable in half-yearly instalments in March and September. To protect the Group from currency risks arising on the CNY denominated debt, the Group has entered into CNY/US$ cross currency swaps. This derivative instrument provides a hedge against movements in the CNY exchange rate against the US dollar and swaps the interest basis from a CNY interest rate into a US$ LIBOR interest basis. The fair value of the swap at 31 December 2017, included within payables, is $9 million (2016: $21 million).

The US dollar facility accrues interest at US$ LIBOR plus 4.20%. At 31 December 2017, the $1.3 billion facility was fully drawn. Arrangement fees with an amortised cost of $13 million (2016: $15 million), have been netted off against these borrowings in accordance with IAS 39. The facility is repayable in half-yearly instalments commencing from March 2018. $107 million is due to be paid within 12 months of the balance sheet date (including $2 million of unamortised debt costs). KAZ Minerals PLC acts as guarantor of the facilities.

Pre-export finance facility (‘PXF’)

In June 2017, the Group completed an amendment and extension of the PXF. The new facility extends the maturity profile of the facility by two and a half years from December 2018 until June 2021. Under the revised repayment profile, principal repayments will commence in July 2018 and then continue in equal monthly instalments over a three-year period until final maturity in June 2021.

The facility amount is $600 million and was fully drawn at 31 December 2017. The interest basis of the facility is substantially the same as the previous facility with a variable margin of between 3.0% and 4.5% above US$ LIBOR, dependent on the ratio of net debt to EBITDA which will be tested semi-annually. KAZ Minerals PLC, Vostoktsvetmet LLC and KAZ Minerals Sales Limited act as guarantors of the facility.

At 31 December 2017, $600 million (2016: $281 million) was drawn under the facility. $59 million was repaid under the previous facility in the first half of 2017 and $376 million drawn under the new facility. $100 million is due to be paid within 12 months of the balance sheet date.

Development Bank of Kazakhstan facility ('DBK')

On 14 December 2016, the Group entered into a $300 million credit facility with the DBK which was fully drawn by the end of the year. The facility extends for a term of eight and a half years and bears an interest rate of US$ LIBOR plus 4.5%. The facility is repayable in instalments with the first repayment due in June 2018, followed by semi-annual repayments in May and November of each year from 2019 until 2024 and a final repayment in June 2025. The facility was drawn by KAZ Minerals Aktogay LLC, a Kazakhstan wholly owned subsidiary. KAZ Minerals PLC acts as guarantor of the facility.

At 31 December 2017, $298 million was drawn under the facility. Arrangement fees with an amortised cost of $2 million (2016: $3 million) have been netted off against these borrowings in accordance with IAS 39. $22 million is due to be paid within 12 months of the balance sheet date.

Caterpillar revolving credit facility

In August 2015, the Group entered into a $50 million revolving credit facility provided by Caterpillar Financial Services (UK) Limited ('CAT'), a subsidiary of Caterpillar Inc. The CAT facility was available for three years from the date of signing, and repayable in four equal quarterly instalments ending in 2019. An interest rate of US$ LIBOR plus 4.25% was payable on amounts outstanding under the facility. During June 2017, the facility was repaid in full and cancelled in December 2017.

Undrawn project and general and corporate purpose facilities

All debt facilities were fully drawn at 31 December 2017 and 2016.

13. Other liabilities

$ million	Payables to NFC	Payments for licences	Total
At 1 January 2016	–	11	11
Additions	276	–	276
Payments	–	(2)	(2)
Unwinding of discount	8	1	9
At 31 December 2016	284	10	294
Additions	**–**	**–**	**–**
Payments	**–**	**(1)**	**(1)**
Unwinding of discount	**15**	**1**	**16**
Net exchange adjustment	**–**	**(2)**	**(2)**
At 31 December 2017	**299**	**8**	**307**
Current	**299**	**1**	**300**
Non-current	**–**	**7**	**7**
At 31 December 2017	**299**	**8**	**307**
Current	–	2	2
Non-current	284	8	292
At 31 December 2016	284	10	294

(a) Payables to NFC

In November 2015, the Group reached an agreement with its principal construction contractor at Aktogay, NFC, to defer payment of $300 million. Under these terms, $300 million scheduled for payment in 2016 and 2017, was deferred for settlement in the first half of 2018, with $250 million becoming payable shortly after 31 December 2017 and $50 million shortly after 30 June 2018. The extended credit terms arising from the agreement were discounted using a rate of US$ LIBOR plus 4.2% on the estimated cost of services. The discount rate applied is in line with the CBD Aktogay facility. The unwinding of the interest was charged to property, plant and equipment as a borrowing cost (see note 7) until the date the sulphide plant reached commercial production, after which it was charged to the income statement within finance costs. At 31 December 2017, the full liability, discounted to its present value, was recognised as current due to its expected settlement in 2018. $250 million of the payable to NFC was settled in January 2018.

(b) Payments for licences for mining assets

In accordance with its contracts for subsoil use, the Group is liable to repay the costs of geological information provided by the Government of Kazakhstan for licenced deposits. Some of these obligations are payable in tenge while others are payable in US dollars, depending on the terms of each subsoil use contract. The total amount payable by the Group is discounted to its present value using a discount rate of 7.6% for tenge (2016: 7.6%) and

4.0% (2016: 4.0%) for US dollar obligations. Under the subsoil use agreements, the historical cost payments amortise over a ten year period and commence with first production.

14. Consolidated cash flow analysis

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

$ million	Note	2017	2016
Profit before taxation		**580**	220
Finance income	7	**(30)**	(9)
Finance costs	7	**165**	56
Share-based payments		**3**	3
Depreciation, amortisation and depletion		**187**	84
Impairment losses	5	**20**	3
Unrealised foreign exchange loss/(gain)		**2**	(47)
Other reimbursements		**(1)**	–
Operating cash flows before changes in working capital and provisions		**926**	310
Decrease/(increase) in non-current VAT receivable		**232**	(89)
Increase in inventories		**(65)**	(47)
Increase in prepayments and other current assets		**(41)**	(14)
Decrease/(increase) in trade and other receivables		**27**	(38)
(Decrease)/increase in employee benefits		**(1)**	2
Increase in provision for closure and site restoration		**–**	6
Increase/(decrease) in trade and other payables		**6**	(10)
Cash flows from operations before interest and income taxes paid		**1,084**	120

Non-cash transactions

There were the following non-cash transactions:

- capitalised depreciation of $nil (2016: $19 million) for property, plant and equipment and mining assets;
- capitalised interest of $88 million (2016: $163 million) for property, plant and equipment and mining assets;
- the reassessment of the provision for closure and site restoration during the year has resulted in an increase of $6 million (2016: increase of $25 million) to property, plant and equipment and $nil (2016: $17 million) to mining assets, with a corresponding increase (2016: increase) in the site restoration and clean up provisions.

(b) Cash and cash equivalents

$ million	2017	2016
Cash deposits with short term initial maturities	**1,543**	820
Cash at bank	**278**	288
	1,821	1,108

(c) Movement in net debt

$ million	At 1 January 2017	**Cash flow**	**Other movements[1]**	**At 31 December 2017**
Cash and cash equivalents[2]	1,108	**713**	**–**	**1,821**
Current investments[2]	–	**–**	**–**	**–**
Borrowings[3]	(3,777)	**(82)**	**(18)**	**(3,877)**
Net debt	(2,669)	**631**	**(18)**	**(2,056)**

$ million	At 1 January 2016	Cash flow	Other movements[1]	At 31 December 2016
Cash and cash equivalents[2]	851	258	(1)	1,108
Current investments[2]	400	(400)	–	–
Borrowings[3]	(3,504)	(273)	–	(3,777)
Net debt	(2,253)	(415)	(1)	(2,669)

1 Other movements comprise net foreign exchange movements, non-cash amortisation of fees on borrowings. Other movements on cash and cash equivalents arise primarily from currency movements on non-US dollar cash and cash equivalents. For the year ended 31 December 2017, the $18 million other movement on borrowings consists of $9 million of amortisation of fees on the Group's financing facilities and $9 million of foreign exchange differences on the CDB-Aktogay RMB facility. For the year ended 31 December 2016, the $nil other movement on borrowings consists of $9 million of amortisation of fees on the Group's financing facilities less $9 million of foreign exchange differences on the CDB-Aktogay RMB facility.

2 At 31 December 2016 and 2017, all of the Group's gross liquid funds were cash and cash equivalents.

3 The cash flows on borrowings reflect draw downs of $376 million (2016: $594 million) and repayments on existing facilities of $294 million (2016: $321 million).

15. Related party disclosures

(a) Transactions with related parties

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

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

$ million	Sales to related parties	Purchases from related parties	Amounts owed by related parties[1]	Amounts owed to related parties
Cuprum Holding and related entities				
2017	**5**	**100**	**2**	**3**
2016	4	95	2	3

1 No provision is held against the amounts owed by related parties at 31 December 2017 and 2016. The bad debt expense in relation to related parties was $nil for the year (2016: $nil).

Cuprum Holding and related entities

The majority of the related party transactions and balances are with companies which are part of the Cuprum Holding Group (a company owned by Vladimir Kim, a Director of the Company, and Eduard Ogay, a former Director of the Company) and provided under two Framework Service Agreements. These include the provision of smelting and refining of the Group's copper concentrate, electricity supply and certain maintenance functions.

(b) Terms and conditions of transactions with related parties

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

16. Financial instruments

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

$ million	2017	2016
Loans and receivables:		
Long-term bank deposits[1]	**2**	2
Trade and other receivables[2]	**132**	105
Current investments	**–**	–
Cash and cash equivalents	**1,821**	1,108
	1,955	1,215
Financial liabilities measured at fair value through profit and loss:		
Derivative instrument[3]	**(9)**	(21)
Financial liabilities measured at amortised cost:		
Borrowings[4]	**(3,877)**	(3,777)
Other liabilities	**(307)**	(294)
Trade and other payables[5]	**(190)**	(219)
	(4,383)	(4,311)

1 Long-term bank deposits reflect amounts in escrow accounts with financial institutions in Kazakhstan and Kyrgyzstan as required by the Group's restoration obligations.
2 Trade and other receivables includes $12 million (2016: $2 million) arising from marked to market adjustments on provisionally priced contracts at the year end. These are measured according to quoted forward prices in a market that is not considered active, which is a level 2 valuation method within the fair value hierarchy.
3 Derivative financial instruments, representing a cross currency swap and interest rate swap, are measured according to inputs other than quoted prices that are observable for the derivative financial instrument, either directly or indirectly, which is a level 2 valuation method within the fair value hierarchy.
4 The fair value of borrowings is estimated $3,934 million (2016: $3,842 million).
5 Excludes payments received in advance, other taxes payable and MET and royalties payable that are not regarded as financial instruments.

The fair values of each category of financial asset and liability are not materially different from their carrying values as presented, except for borrowings as described in note 4 to the table.

17. Capital expenditure commitments

The Group has capital expenditure commitments for the purchase of property, plant and equipment as well as commitments under its mining subsoil agreements. Committed expenditure under the subsoil agreements typically relates to investments in community-related projects, and includes investments in social sphere assets, infrastructure and public utilities. The total commitments for property, plant and equipment at 31 December 2017 amounted to $47 million (2016: $109 million). After the balance sheet date, the Group entered into commitments of $195 million for the Aktogay expansion project.

GLOSSARY

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

capital employed
the aggregate of equity attributable to owners of the Company, non-controlling interests and borrowings

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

CAT facility
revolving credit facility provided by Caterpillar Financial Services (UK) Limited

CDB or China Development Bank
China Development Bank Corporation

CIT
corporate income tax

CNY
Chinese yuan, basic unit of renminbi

Code or UK Corporate Governance Code
the UK Corporate Governance Code issued by the Financial Reporting Council

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

Company or KAZ Minerals
KAZ Minerals PLC

Cuprum Holding
Cuprum Netherlands Holding B.V. (now named Kazakhmys Holding Group B.V.), the entity to which the Disposal Assets were transferred

DBK
Development Bank of Kazakhstan

Directors
the Directors of the Company

Disposal Assets
the Disposal Assets comprised the mining, processing, auxiliary, transportation, and heat and power assets of the Group in the Zhezkazgan and Central Regions. The Disposal Assets included 12 copper mines, mine development opportunities, four concentrators, two smelters, two coal mines, and three captive heat and power stations all of which were disposed of as a result of the Restructuring

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

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

EPS
earnings per share

EPS based on Underlying Profit
Profit for the year after adding back items which are non-recurring or variable in nature and which do not impact the underlying trading performance of the business, and their resulting taxation and non-controlling interest impact, divided by the weighted average number of ordinary shares in issue during the period (see note 9 of the consolidated financial statements)

Free Cash Flow
net cash flow from operating activities before capital expenditure and non-current VAT associated with expansionary and new projects less sustaining capital expenditure

g/t
grammes per metric tonne

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

Gross EBITDA
earnings, including pre-commercial earnings, before interest, taxation, depreciation, depletion, amortisation, mineral extraction tax and royalties. A reconciliation to operating profit is in note 4(a)(i) of the consolidated financial statements

Gross Revenues
sales proceeds from all volumes sold, including pre-commercial production volume. A reconciliation to revenues is in note 4(a)(i) of the consolidated financial statements

the Group
KAZ Minerals PLC and its subsidiary companies

IAS
International Accounting Standard

IASB
International Accounting Standards Board

IFRS
International Financial Reporting Standard

JORC
Joint Ore Reserves Committee

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

Kazakhmys Corporation LLC or Kazakhmys LLC
Kazakhmys Corporation LLC, the Group’s principal operating subsidiary in Kazakhstan prior to the Restructuring

Kazakhstan
the Republic of Kazakhstan

koz
thousand ounces

kt
thousand metric tonnes

Kyrgyzstan
the Kyrgyz Republic

lb
pound, unit of weight

LBMA
London Bullion Market Association

LIBOR
London Interbank Offered Rate

Listing

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

LME
London Metal Exchange

major growth projects
Bozshakol and Aktogay

MET
mineral extraction tax

Mt
million metric tonnes

net cash costs
gross cash costs less by-product Gross Revenues, divided by the volume of own copper cathode equivalent sales

net debt
the excess of current and non-current borrowings over cash and cash equivalents and current investments. A reconciliation of net debt is in note 14 (c) to the consolidated financial statements

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

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

PXF
pre-export finance debt facility

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

Restructuring
the transfer, subject to certain consents and approvals, of the Disposal Assets to Cuprum Netherlands Holding B.V. which was approved by shareholders at the General Meeting held on 15 August 2014 and completed on 31 October 2014

RMB
Renminbi, the official currency of the People’s Republic of China

som
the official currency of Kyrgyzstan

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

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

t
metric tonnes

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

tenge or KZT
the official currency of the Republic of Kazakhstan

UK
United Kingdom

Underlying Profit

profit for the period after adding back items which are non-recurring or variable in nature and which do not impact the underlying trading performance of the business and their resultant tax and non-controlling interest effects. Underlying Profit is set out in note 9 to the consolidated financial statements

US
United States of America

USc/lb
US cents per pound