



26 April 2018

## KAZ MINERALS GROUP PRODUCTION REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2018

- Copper production<sup>1</sup> increased by 3% to 67.3 kt (Q4 2017: 65.2 kt) supported by higher output at Bozshakol and Aktogay sulphide
- On track to achieve 2018 production guidance for all metals
- **Bozshakol**
  - 20% increase in copper production<sup>2</sup> to 26.9 kt (Q4 2017: 22.5 kt) supported by a 10% growth in ore throughput and improved copper recovery
  - Gold output increased by 29% to 36.0 koz (Q4 2017: 27.9 koz) due to higher gold grade and improved recovery rate
- **Aktogay**
  - Copper production<sup>2</sup> from sulphide ore increased by 9% to 21.1 kt (Q4 2017: 19.3 kt), benefitting from higher copper grade of 0.62% and recovery rate of 88%
  - Cathode production from oxide ore seasonally lower at 5.3 kt (Q4 2017: 6.7 kt), 13% above Q1 2017
- **East Region and Bozymchak**
  - Copper production<sup>2</sup> 16% lower at 14.0 kt (Q4 2017: 16.7 kt) due to planned idling of the Nikolayevsky concentrator, full year guidance of c.65 kt maintained
  - By-products in line with expectations, with zinc output rising 20% to 14.2 kt (Q4 2017: 11.8 kt)
- **Financial update**
  - Net debt of \$2,206 million at 31 March 2018
  - \$250 million deferred from 2016-17 paid to Aktogay construction contractor in the quarter

<b>Group production summary<sup>3</sup></b>		Q1 2018	Q4 2017	Q1 2017
Copper production <sup>1</sup>	kt	67.3	65.2	52.1
Bozshakol	kt	26.9	22.5	22.9
Aktogay	kt	26.4	26.0	11.9
East Region & Bozymchak	kt	14.0	16.7	17.3
Zinc in concentrate	kt	14.2	11.8	15.5
Gold production <sup>2</sup>	koz	49.9	40.9	42.6
Silver production <sup>2</sup>	koz	852	798	795

<sup>1</sup> Payable metal in concentrate and copper cathode from Aktogay oxide ore.

<sup>2</sup> Payable metal in concentrate.

<sup>3</sup> See appendix for metal production by asset.

Andrew Southam, Chief Executive Officer, said: “I am pleased to report further quarterly production growth in 2018 supported by higher output from the sulphide plants at Bozshakol and Aktogay. We are on track to achieve our guidance across all metals for the full year, targeting 270-300 kt of copper production and 160-175 koz of gold. The Group is delivering production growth into a balanced market and the medium-term outlook for copper prices remains strong.”

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**KAZ Minerals PLC**

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**Instinctif Partners**

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**NOTES TO EDITORS**

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

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

Bozshakol is a first quartile asset on the global cost curve with an annual ore processing capacity of 30 million tonnes and a remaining mine life of 39 years at an average copper grade of 0.35%. The mine and processing facilities will produce an average of 100 kt of copper cathode equivalent and 120 koz of gold in concentrate per year over the first 10 years of operations.

Aktogay is a large scale, open pit mine similar to Bozshakol, with a remaining mine life of 28 years at an average copper grade of 0.36% (oxide) and 0.33% (sulphide). Aktogay commenced production of copper cathode from oxide ore in December 2015 and copper in concentrate from sulphide ore in February 2017. The operating sulphide concentrator has an annual ore processing capacity of 25 million tonnes and the sulphide processing capacity will be doubled to 50 million tonnes with the addition of a second concentrator by the end of 2021. Aktogay is competitively positioned on the global cost curve and will produce an average of 90 kt of copper per year from sulphide ore until 2021, increasing to 170 kt per year from 2022 to 2027, after the second concentrator commences operations. Copper production from oxide ore will be in the region of 20 kt per annum until 2025.

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

This announcement contains inside information.

		Q1 2018	Q4 2017	Q1 2017
<b>Ore extraction</b>	<b>kt</b>	<b>8,136</b>	<b>5,952</b>	<b>9,904</b>
Sulphide	kt	5,881	5,078	4,255
Clay	kt	2,255	874	5,649
<b>Ore processed</b>	<b>kt</b>	<b>6,674</b>	<b>6,060</b>	<b>5,060</b>
<b>Copper</b>				
Average copper grade processed	%	0.52	0.50	0.57
Copper recovery rate	%	81.4	78.2	83.7
Copper in concentrate	kt	28.2	23.5	24.0
<b>Copper production<sup>1</sup></b>	<b>kt</b>	<b>26.9</b>	<b>22.5</b>	<b>22.9</b>
<b>Gold</b>				
Average gold grade processed	g/t	0.29	0.26	0.33
Gold recovery rate	%	62.5	58.8	57.6
Gold in concentrate	koz	38.5	29.8	30.5
<b>Gold production<sup>1</sup></b>	<b>koz</b>	<b>36.0</b>	<b>27.9</b>	<b>28.5</b>
<b>Silver production<sup>1</sup></b>	<b>koz</b>	<b>183</b>	<b>170</b>	<b>161</b>

<sup>1</sup> Payable metal in concentrate.

Ore extraction increased by 37% to 8,136 kt (Q4 2017: 5,952 kt), mainly due to the stripping of 2,255 kt of clay bearing material (Q4 2017: 874 kt) to access sulphide ore in future periods. Sulphide ore extraction increased by 16% to 5,881 kt (Q4 2017: 5,078 kt) to support higher throughput at the main sulphide concentrator. Ore extraction reduced by 18% versus the prior year comparative period, when additional clay extraction was required.

Ore processed increased by 10% to 6,674 kt (Q4 2017: 6,060 kt) with the main sulphide plant processing 5,867 kt and operating at an average throughput of 95% in the quarter, during which there were no major maintenance stoppages. Mill re-linings are scheduled for Q2 and Q4 2018. Ore throughput in the clay plant was 807 kt, representing 65% of design capacity in Q1, down from 82% in the previous quarter, due to the plant's first extended shutdown for maintenance. A number of upgrades to the crusher were completed which have resulted in a step up in throughput in April. Total processing volumes at Bozshakol were 32% higher compared to the 5,060 kt processed in Q1 2017.

The average grade of ore processed increased to 0.52% from 0.50% in Q4 2017, in line with the mine plan. Sulphide processing grades over the remaining nine months of 2018 will vary depending on the blocks being mined, with the average sulphide grade processed for the year expected to be in the region of 0.44%, as previously guided.

Copper production increased by 20% compared to the previous quarter as throughput growth was supported by improved recoveries and higher average grades. Copper production was 17% higher compared to output of 22.9 kt in Q1 2017.

Following the 26.9 kt produced in Q1, Bozshakol remains on track for 2018 copper production of 95-105 kt, with a reduction in grades processed expected during the remainder of the year.

Gold production of 36.0 koz represents a 29% increase from Q4, driven by higher throughput, improved recovery and strong grades. Full year gold guidance is maintained at 115-125 koz, with lower grades expected for the remainder of the year.

		Q1 2018	Q4 2017	Q1 2017
<b>Ore extraction</b>	<b>kt</b>	<b>8,474</b>	<b>6,470</b>	<b>6,019</b>
Oxide	kt	4,359	2,173	4,213
Sulphide	kt	4,115	4,297	1,806
<b>Oxide</b>				
Oxide ore to leach pads	kt	4,359	2,173	4,213
Grade	%	0.30	0.29	0.44
<b>Copper cathode</b>	<b>kt</b>	<b>5.3</b>	<b>6.7</b>	<b>4.7</b>
<b>Sulphide</b>				
Sulphide ore processed	kt	4,059	4,265	1,637
Average grade processed	%	0.62	0.58	0.80
Recovery rate	%	87.6	81.6	57.7
Copper in concentrate	kt	22.1	20.2	7.5
<b>Copper production<sup>1</sup></b>	<b>kt</b>	<b>21.1</b>	<b>19.3</b>	<b>7.2</b>
<b>Total copper production</b>	<b>kt</b>	<b>26.4</b>	<b>26.0</b>	<b>11.9</b>
Gold production <sup>1, 2</sup>	koz	0.3	-	0.1
Silver production <sup>1, 2</sup>	koz	95	79	38

<sup>1</sup> Payable metal in concentrate.

<sup>2</sup> Minimal volume recovered from Aktogay material.

Ore extraction increased by 31% due to increased mining of oxide ore in Q1 2018 compared to the lower than average volume extracted in the previous quarter. Ore extraction was 41% higher than the prior year comparative period due to the increase in the quantity of ore mined to feed the ramp up of the sulphide concentrator.

The average sulphide processing grade in the quarter increased to 0.62% (Q4 2017: 0.58%). Recovery rates also improved significantly to 87.6% (Q4 2017: 81.6%), assisted by the higher grade and increased utilisation of the HPGR circuit. Higher grades and recoveries more than offset the 5% reduction in processing volumes as throughput was restricted in January and February due to delays in the delivery to site of certain replacement parts and the plant subsequently ramped up to 76% of design capacity in March. Copper production from sulphide ore increased by 9% to 21.1 kt (Q4 2017: 19.3 kt) and full year guidance is held at 90-105 kt.

Copper cathode production from oxide ore reduced, as expected, to 5.3 kt (Q4 2017: 6.7 kt), with winter temperatures in Kazakhstan reaching exceptionally low levels in Q1. Production was 13% higher than the prior year comparative period, reflecting the progress in ramping up output at the SX/EW facility during 2017, and remains on track to achieve the 2018 target of 20-25 kt.

Total copper production of 26.4 kt represents an increase of 2% compared to the previous quarter and 122% compared to Q1 2017. With sulphide processing volumes planned to ramp up in 2018 and seasonally higher SX/EW output in Q2 and Q3, the Group is expected to reach its guided range of 110-130 kt of copper production at Aktogay in 2018.

## EAST REGION & BOZYMCHAK

		Q1 2018	Q4 2017	Q1 2017
<b>Ore extraction</b>	<b>kt</b>	<b>959</b>	<b>977</b>	<b>961</b>
<b>Ore processed</b>	<b>kt</b>	<b>934</b>	<b>1,092</b>	<b>1,003</b>
<b>Copper</b>				
<b>Average grade processed</b>	<b>%</b>	<b>1.79</b>	<b>1.80</b>	<b>2.01</b>
Orlovsky concentrator	%	3.17	3.32	3.87
Nikolayevsky concentrator	%	1.35	1.46	1.52
Belousovsky concentrator	%	1.50	1.51	1.50
Bozymchak concentrator	%	0.86	0.88	0.90
<b>Average recovery rate</b>	<b>%</b>	<b>88.5</b>	<b>90.1</b>	<b>91.0</b>
East Region	%	88.3	90.3	91.2
Bozymchak	%	89.9	88.1	89.6
<b>Copper in concentrate</b>	<b>kt</b>	<b>14.7</b>	<b>17.8</b>	<b>18.3</b>
Orlovsky concentrator	kt	7.9	8.2	9.8
Nikolayevsky concentrator	kt	2.8	5.5	4.4
Belousovsky concentrator	kt	2.1	2.1	2.1
Bozymchak concentrator	kt	1.9	2.0	2.0
<b>Copper production<sup>1</sup></b>	<b>kt</b>	<b>14.0</b>	<b>16.7</b>	<b>17.3</b>
East Region	kt	12.2	14.9	15.4
Bozymchak	kt	1.8	1.8	1.9
Zinc in concentrate	kt	14.2	11.8	15.5
Gold production <sup>1</sup>	koz	13.6	13.0	14.0
Silver production <sup>1</sup>	koz	574	549	596

<sup>1</sup> Payable metal in concentrate.

Ore extraction volumes of 959 kt were 2% lower than the previous quarter and in line with Q1 2017.

Ore processing volumes decreased by 14% in Q1 2018 compared to the previous quarter and by 7% compared to the prior year comparative period. This was mainly due to the scheduled idling of the Nikolayevsky concentrator for 50 days, during which ore from the Artemyevsky mine was stockpiled for future processing to raise the utilisation rate of the concentrator over the remainder of the year.

The decrease in processing volumes led to a 16% reduction in copper production to 14.0 kt (Q4 2017: 16.7 kt). Copper production over the next nine months will be higher as the Nikolayevsky concentrator will process increased volumes and full year production guidance of around 65 kt is maintained.

Zinc in concentrate output increased by 20% to 14.2 kt compared to the previous quarter, with average processing grades rising from 2.19% in Q4 2017 to 2.95% in Q1 2018 as higher zinc grade zones were accessed at the Orlovsky (3.82%) and Irtyshsky mines (3.77%). The East Region is on track to achieve full year zinc guidance of around 60 kt.

Gold and silver production both increased by 5% compared to the previous quarter, to 13.6 koz and 574 koz respectively, due to higher grades at the East Region which more than offset the lower throughput volumes. Compared to Q1 2017, gold production decreased by 3% and silver output was 4% lower. Gold output is on track to achieve the guided range of 45-50 koz for 2018 with grades expected to reduce over the remainder of the year. Silver output is also on track to achieve full year expectations of around 2,000 koz.

## SALES VOLUMES, COMMODITY PRICES AND NET DEBT

### Sales Volumes

The following table sets out the sales volumes of the Group's major products and includes pre-commercial sales volumes for Q1 2017.

		Q1 2018	Q1 2017
<b>Copper sales</b>	<b>kt</b>	<b>66.2</b>	<b>50.5</b>
Copper cathode	kt	24.5	26.6
Copper in concentrate <sup>1</sup>	kt	41.7	23.9
Zinc in concentrate	kt	14.7	15.8
Gold sales <sup>2</sup>	koz	45.1	38.9
Silver sales <sup>2</sup>	koz	771	1,097

<sup>1</sup> Payable metal in concentrate.

<sup>2</sup> Payable metal in concentrate and toll processed metal.

Total copper in concentrate sales were 41.7 kt in the three months to 31 March 2018, an increase of 17.8 kt over Q1 2017. This was due to additional volumes from the Bozshakol sulphide plant, which is now operating at near design capacity, and the ramp up of production from the Aktogay sulphide plant. Copper cathode sales volumes were 2.1 kt below Q1 2017 resulting from lower production at the East Region, partly offset by increased Aktogay sulphide material toll processed into cathodes. Gold sales increased by 6.2 koz due to higher production from the Bozshakol sulphide plant. Silver sales were marginally lower than production and 326 koz below the prior year comparative period following a release of inventory from the Balkhash smelter in Q1 2017.

### Commodity Prices

At 31 March 2018, the Group's provisionally priced copper in concentrate volumes were 25 kt at an average provisional price of \$6,345/t. The copper in concentrate provisional prices are below LME prices due to the deduction of treatment and refining charges. For further details on the Group's provisional pricing arrangements please refer to Note 4(b) of the 2017 Annual Report and Accounts.

### Commodity Hedging

The Group's policy is generally not to hedge commodity prices. At 31 March 2018, there were no commodity price hedges in place.

### Net Debt

Net debt increased to \$2,206 million at 31 March 2018 from \$2,056 million at 31 December 2017 due to the payment of \$250 million deferred from 2016-17 to the Aktogay construction contractor, interest payments of \$94 million under the Group's debt facilities and mineral extraction tax and royalty payments of \$58 million. Total cash and cash equivalents at 31 March 2018 amounted to \$1,526 million with gross debt at \$3,732 million.

## APPENDIX – METAL PRODUCTION

		Q1 2018	Q4 2017	Q1 2017
<b>Copper production<sup>1</sup></b>	<b>kt</b>	<b>67.3</b>	<b>65.2</b>	<b>52.1</b>
Bozshakol	kt	26.9	22.5	22.9
Aktogay	kt	26.4	26.0	11.9
East Region	kt	12.2	14.9	15.4
Bozymchak	kt	1.8	1.8	1.9
<b>Zinc in concentrate</b>	<b>kt</b>	<b>14.2</b>	<b>11.8</b>	<b>15.5</b>
Bozshakol	kt	-	-	-
Aktogay	kt	-	-	-
East Region	kt	14.2	11.8	15.5
Bozymchak	kt	-	-	-
<b>Gold production<sup>2</sup></b>	<b>koz</b>	<b>49.9</b>	<b>40.9</b>	<b>42.6</b>
Bozshakol	koz	36.0	27.9	28.5
Aktogay	koz	0.3	-	0.1
East Region	koz	3.8	3.6	3.9
Bozymchak	koz	9.8	9.4	10.1
<b>Silver production<sup>2</sup></b>	<b>koz</b>	<b>852</b>	<b>798</b>	<b>795</b>
Bozshakol	koz	183	170	161
Aktogay	koz	95	79	38
East Region	koz	516	493	532
Bozymchak	koz	58	56	64

<sup>1</sup> Payable metal in concentrate and copper cathode from Aktogay oxide ore.

<sup>2</sup> Payable metal in concentrate.

## TOLL PROCESSING & FINISHED METALS

		Q1 2018	Q4 2017	Q1 2017
<b>Copper cathodes</b>	<b>kt</b>	<b>25.6</b>	<b>26.7</b>	<b>25.6</b>
Bozshakol (toll processed)	kt	2.7	0.7	0.9
Aktogay sulphide (toll processed)	kt	2.9	0.4	0.5
Aktogay oxide	kt	5.3	6.7	4.7
East Region (toll processed)	kt	12.6	17.5	17.2
Bozymchak (toll processed)	kt	2.1	1.4	2.3
Gold bar produced (toll processed)	koz	16.0	20.8	15.0
Silver bar produced (toll processed)	koz	652	871	785

## APPENDIX – EAST REGION & BOZYMCHAK

		Q1 2018	Q4 2017	Q1 2017
<b>Ore extraction</b>	<b>kt</b>	<b>959</b>	<b>977</b>	<b>961</b>
Orlovsky	kt	279	266	275
Artemyevsky	kt	301	328	294
Irtysky	kt	158	158	157
Bozymchak	kt	221	225	235
<b>Ore processed</b>	<b>kt</b>	<b>934</b>	<b>1,092</b>	<b>1,003</b>
Orlovsky concentrator	kt	278	272	276
Nikolayevsky concentrator	kt	249	415	319
Belousovsky concentrator	kt	158	160	155
Bozymchak concentrator	kt	249	245	253
<b>Zinc</b>				
<b>Average grade processed</b>	<b>grade (%)</b>	<b>2.95</b>	<b>2.19</b>	<b>2.89</b>
Orlovsky concentrator	grade (%)	3.81	2.87	3.99
Nikolayevsky concentrator	grade (%)	1.47	1.31	1.78
Belousovsky concentrator	grade (%)	3.77	3.31	3.20
<b>Average recovery rate</b>	<b>%</b>	<b>70.1</b>	<b>63.6</b>	<b>71.8</b>
Orlovsky concentrator	%	69.7	58.7	72.6
Nikolayevsky concentrator	%	65.2	63.6	71.0
Belousovsky concentrator	%	73.8	70.9	70.6
<b>Zinc in concentrate</b>	<b>kt</b>	<b>14.2</b>	<b>11.8</b>	<b>15.5</b>
Orlovsky concentrator	kt	7.4	4.5	8.0
Nikolayevsky concentrator	kt	2.4	3.5	4.0
Belousovsky concentrator	kt	4.4	3.8	3.5
<b>Gold</b>				
<b>Average grade processed</b>	<b>grade (g/t)</b>	<b>0.80</b>	<b>0.65</b>	<b>0.78</b>
East Region	grade (g/t)	0.53	0.38	0.50
Bozymchak	grade (g/t)	1.53	1.58	1.63
<b>Average recovery rate</b>	<b>%</b>	<b>60.2</b>	<b>61.0</b>	<b>59.2</b>
East Region	%	34.0	37.2	34.5
Bozymchak	%	85.5	80.8	81.5
<b>Gold in concentrate</b>	<b>koz</b>	<b>14.5</b>	<b>13.9</b>	<b>14.9</b>
East Region	koz	4.0	3.8	4.1
Bozymchak	koz	10.5	10.1	10.8
<b>Gold production<sup>1</sup></b>	<b>koz</b>	<b>13.6</b>	<b>13.0</b>	<b>14.0</b>
East Region	koz	3.8	3.6	3.9
Bozymchak	koz	9.8	9.4	10.1
<b>Silver</b>				
<b>Average grade processed</b>	<b>grade (g/t)</b>	<b>35.5</b>	<b>28.3</b>	<b>31.6</b>
East Region	grade (g/t)	44.7	33.4	38.5
Bozymchak	grade (g/t)	10.2	10.4	11.2
<b>Average recovery rate</b>	<b>%</b>	<b>59.2</b>	<b>60.8</b>	<b>64.2</b>
East Region	%	57.6	59.4	63.0
Bozymchak	%	78.7	75.3	76.4
<b>Silver in concentrate</b>	<b>koz</b>	<b>631</b>	<b>603</b>	<b>655</b>
East Region	koz	567	541	585
Bozymchak	koz	64	62	70
<b>Silver production<sup>1</sup></b>	<b>koz</b>	<b>574</b>	<b>549</b>	<b>596</b>
East Region	koz	516	493	532
Bozymchak	koz	58	56	64

<sup>1</sup> Payable metal in concentrate.