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KAZ MINERALS GROUP PRODUCTION REPORT FOR NINE MONTHS AND THE THIRD QUARTER ENDED 30 SEPTEMBER 2016 AND INTERIM MANAGEMENT STATEMENT

- **Copper cathode equivalent production¹ in Q3 of 44.5 kt (Q2: 31.1 kt)**
 - Production growth continues as Bozshakol and Aktogay oxide ramp up
 - Group guidance for 2016 maintained at 135-145 kt copper cathode equivalent (FY 2015: 81.1 kt)
- **Bozshakol more than doubles copper output in Q3 to 16.9 kt (Q2: 7.5 kt)**
 - Ore throughput has steadily increased in Q3
 - Concentrator has now operated at ore throughput levels above 60% for three months, declared commercial today
- **Aktogay oxide increases copper cathode output by 69% to 6.6 kt in Q3 (Q2: 3.9 kt)**
 - Oxide production benefited from seasonally warmer conditions in the third quarter
 - On track to produce around 15 kt in 2016, in line with guidance
- **By-product output on track to achieve full year guidance ranges**
 - Strong Q3 gold output of 40.9 koz supported by Bozymchak operating consistently at design capacity and a temporarily high grade at Bozshakol
 - Silver bar output 806 koz in Q3 (Q2: 679 koz) assisted by a release of work in progress
 - Full year silver production expected to exceed top end of 2,500-2,750 koz guidance due to lower than expected grade decline in the East Region in 2016
 - Zinc in concentrate output of 16.6 kt in Q3, 56.2 kt in the period to 30 September 2016, on track for full year guidance of 70-75 kt
- **Net debt of \$2,590 million at 30 September 2016**
 - Gross liquid funds of \$872 million

¹ The Group's finished goods "equivalent" production includes both finished metals produced and the finished metal equivalent of concentrate sold in the period.

Oleg Novachuk, Chief Executive, said: "KAZ Minerals continues to deliver sector-leading production growth, with our copper output growing by 66% in the first nine months of this year. Given the progress made in ramping up Bozshakol, our first major growth project, we have declared it a commercially producing asset from today. We are also making good progress on the construction of the Aktogay sulphide project, which will deliver the next phase of our production growth in 2017."

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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 four mines and three concentrators in the East Region of Kazakhstan, the Bozymchak copper-gold mine in Kyrgyzstan, the Bozshakol open pit copper mine in the Pavlodar region of Kazakhstan and the SX/EW plant at Aktogay. In 2015, total copper cathode output from the East Region and Bozymchak was 81 kt with by-products of 94 kt of zinc in concentrate, 3,135 koz of silver and 35 koz of gold bar.

The Group's major growth projects at Bozshakol and Aktogay are expected to deliver one of the highest growth rates in the industry and transform KAZ Minerals into a company dominated by world class, open pit copper mines.

Bozshakol is a first quartile asset on the global cost curve and will have an annual ore processing capacity of 30 million tonnes when fully ramped up, with a mine life of 40 years at a copper grade of 0.36%. The mine and processing facilities will produce 100 kt of copper cathode equivalent and 120 koz of gold in concentrate per year over the first 10 years of operations.

The Aktogay project is a large scale, open pit development similar to Bozshakol, with a mine life of more than 50 years and average copper grades of 0.37% (oxide) and 0.33% (sulphide). Aktogay commenced production of copper cathode from oxide ore in December 2015, and the production of copper in concentrate from sulphide ore is expected to begin in the first half of 2017. The sulphide concentrator will have an annual ore processing capacity of 25 million tonnes when fully ramped up. Aktogay is competitively positioned on the global cost curve and will produce an average of 90 kt of copper cathode equivalent from sulphide ore and 15 kt of copper cathode from oxide ore per year over the first 10 years of operations.

KAZ Minerals is listed on the London Stock Exchange, the Kazakhstan Stock Exchange and the Hong Kong Stock Exchange and employs around 12,000 people, principally in Kazakhstan.

GROUP PRODUCTION SUMMARY

		9m 2016	9m 2015	Q3 2016	Q2 2016	Q3 2015
Ore extraction	kt	35,764	6,497	13,665	11,494	4,019
Average copper grade	%	0.66	1.38	0.67	0.66	0.97
Copper in ore mined	kt	235.6	89.6	91.0	75.9	39.0
Copper in concentrate	kt	90.5	66.5	37.2	30.9	23.2
Copper cathode	kt	70.0	58.4	26.1	23.6	21.7
Copper cathode equivalent ¹	kt	97.1	58.4	44.5	31.1	21.7
Zinc in concentrate	kt	56.2	73.3	16.6	19.7	23.3
Gold bar equivalent ¹	koz	80.0	28.2	40.9	26.1	12.1
Silver bar equivalent ¹	koz	2,236	2,450	806	679	788

¹ Includes finished metals produced and the finished metal equivalent of concentrate sold in the period.

The recently launched projects, Bozshakol and Aktogay oxide, continued to ramp up output resulting in copper cathode equivalent production in the third quarter increasing by 43% to 44.5 kt compared to 31.1 kt in Q2 2016. Copper cathode equivalent production was 97.1 kt in the nine months to 30 September 2016, 66% above the comparative period in the prior year. Bozshakol contributed 16.9 kt of copper cathode equivalent in the quarter, more than double its 7.5 kt contribution in Q2 2016 reflecting higher volumes of ore throughput at the concentrator. Aktogay oxide output totalled 6.6 kt of copper cathode, achieving a production rate of over 70 t per day in the warmer third quarter, 69% higher than the 3.9 kt produced in Q2 2016.

The East Region and Bozymchak delivered copper cathode equivalent production of 21.0 kt, a 7% increase compared to Q2 2016, supported by a release of work in progress from the Balkhash smelter.

Mining at Bozshakol and Aktogay drove a 2,171 kt or 19% increase in Group ore output in the quarter compared to Q2 2016 with the mines now accounting for over 90% of Group ore output. Copper metal in ore extracted rose by 163% to 235.6 kt for first nine months of 2016 with the change in mix of ore extracted also leading to a reduction in the Group's average copper grade to 0.66% in the nine months to 30 September 2016, compared to 1.38% in the prior year period. The Group's copper cathode equivalent production remains on track to achieve the existing full year guidance range of 135-145 kt.

By-product output in the first nine months of the year has been strong with all by-products on track to achieve their guidance. Gold output has benefited from the consistent operation of Bozymchak at 100% of its design capacity and a high short-term gold grade at Bozshakol. Silver bar production is now expected to exceed the top end of the 2016 guidance range due to a lower than expected reduction in silver grades in the East Region mines.

Mining

		9m 2016	9m 2015	Q3 2016	Q2 2016	Q3 2015
Ore extraction	kt	19,482	1,029	8,466	6,007	1,029
Average copper grade	%	0.58	0.67	0.62	0.56	0.67
Copper in ore mined	kt	113.6	6.9	52.1	33.7	6.9
Average gold grade	g/t	0.30	0.22	0.32	0.28	0.22
Gold in ore mined	koz	188.6	7.2	88.1	54.8	7.2
Average silver grade	g/t	1.6	2.7	1.5	1.6	2.7
Silver in ore mined	koz	973	88	405	313	88
Average molybdenum grade ¹	%	0.005	-	0.005	0.006	-
Molybdenum in ore mined ¹	t	468	-	210	178	-

¹ Molybdenum mined in sulphide ore. Production of molybdenum concentrate has not yet commenced.

Ore mined at Bozshakol increased by 41% in Q3 2016 versus the previous quarter, to 8,466 kt, as higher volumes were extracted to support the ongoing ramp up of the sulphide concentrator. Sulphide ore output in Q3 2016 increased by 43% to 4,325 kt with a copper grade of 0.55% (Q2 2016: 3,015 kt, grade 0.57%).

Clay ore output increased by 38% to 4,141 kt with a copper grade of 0.68% (Q2 2016: 2,992 kt, grade 0.55%). The clay material extracted has been stockpiled ahead of processing at the separate clay plant where commissioning works commenced on 29 September 2016. As at 30 September 2016, 17,156 kt of clay ore with an average copper grade of 0.64% and 0.29 g/t of gold has been extracted and stockpiled to be processed at the clay plant.

The gold grade in both sulphide and clay ore has been sustained at high levels during the first nine months of 2016 at 0.30 g/t compared to the measured and indicated resource grade of 0.14 g/t, which has benefited gold production in the year to date.

Processing

		9m 2016	9m 2015	Q3 2016	Q2 2016	Q3 2015
Copper in concentrate	kt	28.1	-	17.5	9.5	-
Copper cathode equivalent¹	kt	24.7	-	16.9	7.5	-
Silver in concentrate	koz	175.7	-	110.8	56.8	-
Silver bar equivalent¹	koz	146.5	-	102.6	41.7	-
Gold in concentrate	koz	39.6	-	26.6	11.7	-
Gold bar equivalent¹	koz	34.0	-	24.9	8.8	-

¹ The finished metal equivalent of concentrate sold in the period.

The Bozshakol concentrator produced 17.5 kt of copper in concentrate during the third quarter, an increase of 84% from Q2 2016. The average throughput level at the concentrator has continued to progress in Q3 and in line with the Group's accounting policy, following three consecutive months of operations at or above 60% of design throughput levels, the project has been declared commercial. In October 2016 there was a planned 36 hour shutdown for commissioning works and in November there will be a shutdown of up to five days for the replacement of the SAG mill lining.

On 29 September 2016 commissioning works commenced at the Bozshakol clay plant and initial production of saleable copper concentrate from clay ore is expected late in the fourth quarter as the new facility ramps up.

With further improvements in throughput at the sulphide concentrator expected in the fourth quarter, copper production guidance for Bozshakol in 2016 remains unchanged at 45-55 kt of cathode equivalent.

Gold bar equivalent output in the first nine months of 2016 has benefited from the high grade of gold in ore mined. Gold production at Bozshakol remains on track to achieve the 2016 guidance range of 50-60 koz.

Mining and processing

		9m 2016	9m 2015	Q3 2016	Q2 2016	Q3 2015
Ore extraction	kt	12,742	2,125	4,063	4,319	1,874
Copper grade	%	0.40	0.37	0.38	0.44	0.38
Copper in ore mined	kt	51.2	7.8	15.5	19.1	7.0
Copper cathode	kt	12.0	-	6.6	3.9	-

Ore extraction at Aktogay decreased in Q3 compared to Q2 2016, by 256 kt or 6% to 4,063 kt, as sufficient ore had been placed on heap leach pads in the first half of the year. The grade of oxide ore mined reduced from 0.44% in Q2 to 0.38% in Q3 2016 as anticipated in the mine plan. Areas of sulphide ore have been exposed ready to supply the start up of the sulphide concentrator but no sulphide ore has yet been mined.

Copper cathode production at the Aktogay SX/EW facility increased to 6.6 kt in Q3, a rise of 69% compared to Q2 2016. Operational efficiency at the SX/EW facility has been improved and production volumes in Q3 2016 benefited from the warmer ambient temperature. The performance of the heap leaching pads and SX/EW facility will be subject to seasonal variations. Aktogay oxide remains on track to achieve the full year guidance of production of around 15 kt.

EAST REGION & BOZYMCHAK

Copper mining

		9m 2016	9m 2015	Q3 2016	Q2 2016	Q3 2015
Ore extraction	kt	3,540	3,343	1,136	1,168	1,116
Orlovsky	kt	973	1,062	294	337	358
	%	3.61	3.53	3.87	3.50	3.61
Artemyevsky	kt	986	973	340	327	324
	%	1.53	1.69	1.47	1.50	1.63
Irtyshtsky	kt	473	489	157	157	162
	%	1.55	1.68	1.59	1.50	1.64
Yubileyno-Snegirikhinsky	kt	392	483	129	131	160
	%	1.82	1.97	2.05	1.66	1.96
Bozymchak	kt	716	336	216	216	112
	%	0.86	0.97	0.87	0.88	0.92
Average grade	%	2.00	2.24	2.06	1.98	2.24
Copper in ore mined	kt	70.8	74.9	23.4	23.1	25.1

Ore extraction in the East Region and at Bozymchak increased by 6% in the nine months to 30 September 2016 compared to the prior year period as the fully ramped up Bozymchak mine offset lower output from the East Region mines. In Q3, ore output reduced slightly by 3% to 1,136 kt compared to Q2 2016, due to lower output from Orlovsky.

The Orlovsky mine has implemented a six day working week to allow maintenance to be carried out on a ventilation shaft, which will continue for approximately two years. As a result, ore output from the mine declined by 43 kt or 13% to 294 kt in Q3 compared to Q2 2016.

Ore output at Yubileyno-Snegirikhinsky in the first nine months of 2016 was 19% below the prior year period as the mine approaches the end of its operational life, with closure expected at the end of 2016 or in early 2017. Whilst ore output in Q3 2016 was stable compared to Q2 2016, repair works being carried out on the road between Yubileyno-Snegirikhinsky mine and the Nikolayevsky concentrator prevented the movement of some material from the mine to the concentrator and this temporary disruption to ore deliveries is expected to continue in Q4. The ore is being stockpiled at the mine and will be processed in 2017.

At the Bozymchak mine in Kyrgyzstan, ore output was unchanged from Q2 into Q3 2016, but grew by 113% in the first nine months of 2016 compared to the prior year period reflecting the achievement of design capacity at the processing plant in December 2015.

The average copper grade across the East Region and Bozymchak reduced to 2.00% from 2.24% in the first 9 months of 2016 compared to the prior year period. Average grades were impacted by an expected 11% decrease in the average Bozymchak copper grade to 0.86% (9m 2015: 0.97%) as well as lower grades across most of the East Region mines.

In Q3 2016 the average copper grade increased by 4% to 2.06%, benefiting from higher copper grades at all the East Region mines except Artemyevsky.

Copper processing

		9m 2016	9m 2015	Q3 2016	Q2 2016	Q3 2015
Copper in concentrate	kt	62.4	66.5	19.7	21.4	23.2
Orlovsky concentrator	kt	31.3	33.7	9.9	10.7	11.5
Nikolayevsky concentrator	kt	18.3	23.2	5.6	6.5	8.5
Belousovsky concentrator	kt	6.5	7.5	2.1	2.1	2.3
Bozymchak concentrator	kt	6.3	2.1	2.1	2.1	0.9
Copper cathode equivalent¹	kt	60.4	58.4	21.0	19.7	21.7

¹ Includes finished metal produced and the finished metal equivalent of concentrate sold in the period.

Copper in concentrate output declined by 6% to 62.4 kt in the first nine months of 2016 compared to the prior year period, and by 8% in Q3 compared to Q2 2016. The reduction in Q3 2016 was partly driven by expected lower output at Orlovsky which moved to a six day week and by lower output from the Nikolayevsky concentrator where ore deliveries from the Yubileyno-Snegirikhinsky mine have been interrupted by road repairs. Lower output in the East Region in the first nine months was partially offset by a tripling of copper in concentrate production at Bozymchak to 6.3 kt compared to 2.1 kt in the first nine months of 2015 when the mine was ramping up.

Copper cathode equivalent output in the first nine months of 2016 increased by 2.0 kt or 3% compared to the prior year period even though copper concentrate output decreased by 6%. Copper cathode equivalent production was supported by 0.9 kt of output recognised following the sale of copper concentrate from Bozymchak that was produced in 2015 to a third party processor in Q1 2016, whilst cathode output in the first nine months of 2015 was impacted by a build up of work in progress.

In Q3 2016, despite the 8% or 1.7 kt decrease in copper in concentrate production compared to Q2 2016, output of copper cathode equivalent increased by 7%. The 21.0 kt of copper cathode equivalent output in Q3 was supported by a release of work in progress at the smelter and includes 1.5 kt of material that was sold as copper concentrate from the East Region to a third party processor in China.

Copper cathode equivalent production in Q4 2016 is expected to be lower than Q3 due to continuing maintenance work at Orlovsky and the ore transport restrictions at Yubileyno-Snegirikhinsky. However, due to a strong operational performance in the year to date, the East Region and Bozymchak are on track to slightly exceed their 2016 copper cathode equivalent production guidance of around 75 kt.

EAST REGION & BOZYMCHAK

Zinc

		9m 2016	9m 2015	Q3 2016	Q2 2016	Q3 2015
Zinc bearing ore mined	kt	2,824	3,007	920	952	1,004
Grade	%	2.86	3.28	2.75	2.83	3.34
Zinc in ore mined	kt	80.7	98.6	25.3	27.0	33.5
Zinc in concentrate	kt	56.2	73.3	16.6	19.7	23.3

Zinc in ore mined fell by 18% in the first nine months of 2016 compared to the prior year period as grades reduced from 3.28% to 2.86% and as zinc bearing ore output fell by 6% to 2,824 kt. In Q3 2016, zinc in ore mined reduced by 6% compared to Q2 2016, also as a result of lower ore output and lower zinc grades.

The reduction in zinc output in the first nine months is in line with expectations and primarily a result of lower zinc grades at Artemyevsky, where mining is moving through a transitional zone between two ore bodies with lower by-product grades, together with reduced ore output at Orlovsky where operations have been reduced to a six day week from the start of Q3 2016 in order to carry out maintenance work. Zinc in ore mined at Irtyshsky and Yubileyno-Snegirikhinsky also reduced due to lower ore output and grades. Zinc in concentrate output in the third quarter was impacted by reduced throughput at the Nikolayevsky concentrator due to the temporary disruption of ore transport from the Yubileyno-Snegirikhinsky mine.

Zinc output in Q4 is expected to be lower than Q3 2016 due to ongoing maintenance work at Orlovsky and delays to the processing of ore from Yubileyno-Snegirikhinsky. The East Region remains on track to achieve the full year guidance range for zinc in concentrate output of 70-75 kt.

Gold

		9m 2016	9m 2015	Q3 2016	Q2 2016	Q3 2015
Gold bearing ore mined	kt	3,540	3,343	1,136	1,168	1,116
Grade	g/t	0.75	0.75	0.68	0.76	0.77
Gold in ore mined	koz	85.1	81.0	25.0	28.4	27.6
Gold in concentrate	koz	51.1	30.7	16.3	17.3	11.1
Gold bar equivalent ¹	koz	46.0	28.2	16.0	17.3	12.1

¹ Includes finished metal produced and the finished metal equivalent of concentrate sold in the period.

Gold in ore mined in the first nine months of 2016 increased by 5% compared to the prior year period whilst gold in concentrate output increased by 66% to 51.1 koz, reflecting the operation of the Bozymchak concentrator at 100% of design capacity in 2016 following the completion of optimisation works in December 2015. From Q2 2016 to Q3 2016, gold in ore mined decreased by 12% and gold in concentrate output decreased by 6% due to lower gold grades in both the East Region and Bozymchak.

Higher production at Bozymchak in 2016 resulted in a 63% increase of gold bar equivalent in the first nine months of 2016 to 46 koz. Gold bar equivalent output of 16.0 koz in Q3 2016 was restricted somewhat by a decrease in the extraction volumes and lower grades at the East Region and Bozymchak, offset by a release of work in progress at the Balkhash smelter. The East Region and Bozymchak are expected to reach the top end of the 45-55 koz guidance range for gold bar equivalent production in 2016.

Silver

		9m 2016	9m 2015	Q3 2016	Q2 2016	Q3 2015
Silver bearing ore mined	kt	3,540	3,343	1,136	1,168	1,116
Grade	g/t	36.7	43.8	34.2	40.0	40.5
Silver in ore mined	koz	4,177	4,708	1,248	1,501	1,453
Silver in concentrate	koz	2,302	2,429	680	854	762
Silver bar equivalent ¹	koz	2,089	2,450	703	637	788

¹ Includes finished metal produced and the finished metal equivalent of concentrate sold in the period.

Silver in ore mined decreased by 11% in the first nine months of 2016 compared to the prior year period and by 17% in Q3 compared to Q2 2016 as grades and ore output reduced in the East Region mines as expected.

Silver in concentrate output also decreased in the first nine months of 2016 and in Q3 compared to Q2 2016, reflecting the reduction in silver in ore mined and the temporary disruption of ore deliveries from Yubileyno-Snegirikhinsky to the Nikolayevsky concentrator in Q3 2016.

However, silver bar equivalent output of 703 koz in Q3 2016 benefited from a release of work in progress and increased by 10% compared to Q2 2016, when production was impacted by a build up of work in progress.

Despite the reduced silver in concentrate output in Q3 2016 and the lower production expected in Q4 2016 due to ongoing ventilation maintenance works at Orlovsky and road repairs at Yubileyno-Snegirikhinsky, grades have not declined as much as expected in 2016 and the East Region and Bozymchak remain on track to exceed the top end of the full year guidance range of 2,250-2,500 koz of silver bar equivalent.

INTERIM MANAGEMENT STATEMENT

Financial performance

Sales Volumes

The following table sets out the sales volumes of the Group's major products and includes pre-commercial sales volumes from the Bozshakol and Aktogay oxide projects. Net revenues prior to the achievement of commercial production from new projects are recognised as a deduction from fixed assets.

		9m 2016	9m 2015
Copper cathode equivalent ¹	kt	95.3	57.9
Zinc in concentrate	kt	56.3	74.9
Gold bar ¹	koz	80.0	28.1
Silver bar ¹	koz	2,322	2,393

¹ Includes copper, gold and silver payable metal in concentrate sold.

Copper cathode equivalent sales totalled 95.3 kt in the nine months to 30 September 2016, an increase of 37.4 kt over the prior period due to the ramp up of production and sales from Bozshakol, Aktogay oxide and Bozymchak. In the nine months to 30 September 2016, Bozshakol and Aktogay oxide contributed 24.7 kt and 6.8 kt of copper cathode equivalent sales respectively. Copper cathode equivalent sales from the East Region and Bozymchak were 5.9 kt higher than the prior period due to increased throughput at Bozymchak where the concentrator achieved design capacity at the end of 2015. Cathode equivalent production exceeded sales volumes in the nine month period by 1.8 kt, reflecting a small increase in goods in transit.

Sales of zinc in concentrate of 56.3 kt in the nine months to 30 September 2016 were 18.6 kt below the prior period reflecting the expected lower production.

Gold sales of 80.0 koz in the nine months to 30 September 2016 represent an increase of 51.9 koz from the prior year period due to the ramp up of Bozshakol and increased output from Bozymchak.

Silver sales of 2,322 koz in the nine months to 30 September 2016 were 86 koz above production mainly due to a release of work in progress in the East Region. Sales in the first nine months of the year were 71 koz lower compared to the prior period due to reduced production from the East Region, partly offset by the ramp up of Bozshakol production.

The Aktogay oxide plant was declared commercial on 1 July 2016 with sales volumes to 30 June 2016 of 3.3 kt deducted from fixed assets and not reflected in the income statement. Bozshakol's copper, gold and silver in concentrate sales volumes to 30 September 2016 of 24.7 kt, 34.0 koz 146.5 koz respectively, are pre-commercial and deducted from fixed assets. The Bozshakol sulphide plant has been declared commercial effective from 27 October 2016, from which date all revenues and operating costs will be recorded in the income statement.

INTERIM MANAGEMENT STATEMENT

Financial performance

Commodity Prices

The following table sets out the average realised prices for the Group's major products including pre-commercial sales from the Bozshakol and Aktogay oxide projects:

		9m 2016	9m 2015
Copper cathode	\$/tonne	4,743	5,707
Copper in concentrate	\$/tonne	4,095	-
Zinc in concentrate	\$/tonne	1,131	1,162
Gold bar	\$/tr.oz	1,271	1,205
Gold in concentrate	\$/tr.oz	1,313	-
Silver bar	\$/tr.oz	17	16
Silver in concentrate	\$/tr.oz	19	-

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

		9m 2016	9m 2015
Copper	\$/tonne	4,725	5,699
Zinc	\$/tonne	1,955	2,035
Gold	\$/tr.oz	1,260	1,178
Silver	\$/tr.oz	17	16

The realised prices for the finished products sold will differ from the average LME/LBMA prices during the period due to sales not being made evenly over the period and due to the impact of quotational period pricing. Premiums or discounts to metal exchange prices negotiated with customers also impact average realised prices.

The copper and zinc in concentrate realised prices are below their respective LME average price for the finished product due to the deduction of treatment and refining charges. The average realised price for metal in concentrate is also impacted by quotational period pricing. The average realised gold and silver in concentrate prices are higher than their respective average LBMA prices for the nine month period in 2016 due to the increased sales volumes in the third quarter, when prices were above the nine month average.

Commodity Hedging

At 30 September 2016 there were no commodity hedges in place.

Exchange Rates

The KZT/\$ exchange rate at 30 September 2016 was KZT/\$ 334.93 compared to KZT/\$ 339.47 at 31 December 2015. The average exchange rate for first nine months of 2016 was KZT/\$ 344.57, compared to an average rate of KZT/\$ 195.57 for the same period last year. The significant reduction in the value of the tenge against the US dollar arose from the Central Bank of Kazakhstan's ending its management of the currency in August 2015.

INTERIM MANAGEMENT STATEMENT

Net debt and cash position

Net debt increased to \$2,590 million at 30 September 2016 from \$2,531 million at 30 June 2016. The increase arose from interest payments on debt of \$89 million and modest capital spend on the major growth projects, partly offset by cash flows generated from operations. Mineral extraction tax of \$27 million of which \$9 million related to Bozshakol and income tax of \$10 million was paid in the three months ending 30 September 2016.

At 30 September 2016, gross debt (before amortised fees) was \$3,502 million compared to \$3,629 million at 30 June 2016, reflecting principal repayments under the China Development Bank (“CDB”) Bozshakol and Bozymchak facility of \$92 million; the pre-export finance (“PXF”) facility of \$29 million and the CDB Aktogay CNY facility of \$6 million. Of the gross debt (before amortised fees) at 30 September 2016, \$1,722 million related to the CDB Bozshakol/Bozymchak facilities, \$1,478 million related to the CDB Aktogay facilities, \$262 million related to the PXF facility and \$40 million to the revolving credit facility with Caterpillar Financial Services (UK) Limited (“CAT”). At 30 September 2016, \$10 million remains available for drawing under the CAT facility.

Total cash and cash equivalents at 30 September 2016 amounted to \$872 million, compared to \$1,056 million at 30 June 2016. Of these funds, \$249 million is reserved for the development of Aktogay under the CDB Aktogay facilities.

APPENDIX – GROUP PRODUCTION SUMMARY

Copper processing

		9m 2016	9m 2015	Q3 2016	Q2 2016	Q3 2015
East Region						
Copper concentrate	kt	280.1	324.0	84.5	93.2	110.1
Copper in concentrate	kt	56.1	64.4	17.6	19.3	22.3
Bozymchak						
Copper concentrate	kt	25.7	9.4	9.0	8.5	3.7
Copper in concentrate	kt	6.3	2.1	2.2	2.1	0.9
Bozshakol						
Copper concentrate	kt	117.3	-	72.1	38.6	-
Copper in concentrate	kt	28.1	-	17.5	9.5	-
Total copper concentrate						
	kt	423.1	333.4	165.6	140.3	113.8
Total copper in concentrate						
	kt	90.5	66.5	37.2	30.9	23.2
Aktogay						
Ore to leach pads	kt	12,742	2,125	4,063	4,319	1,874
Grade	%	0.40	0.37	0.38	0.44	0.38
Copper cathode						
	kt	70.0	58.4	26.1	23.6	21.7
Copper cathode equivalent						
	kt	97.1	58.4	44.5	31.1	21.7
East Region ¹	kt	54.5	56.7	18.9	17.5	20.9
Bozymchak ¹	kt	5.9	1.7	2.1	2.2	0.8
Aktogay oxide	kt	12.0	-	6.6	3.9	-
Bozshakol ¹	kt	24.7	-	16.9	7.5	-

¹ Includes finished metal produced and the finished metal equivalent of concentrate sold in the period.

Zinc

		9m 2016	9m 2015	Q3 2016	Q2 2016	Q3 2015
Zinc bearing ore mined						
	kt	2,824	3,007	920	952	1,004
Orlovsky	grade (%)	4.38	4.35	4.18	4.12	4.92
Artemyevsky	grade (%)	2.05	3.24	1.84	2.30	3.04
Irtysky	grade (%)	3.03	3.15	3.33	2.80	3.05
Yubileyno-Snegirikhinsky	grade (%)	0.91	1.14	1.22	0.85	0.72
Average	grade (%)	2.86	3.28	2.75	2.83	3.34
Zinc in ore mined						
	kt	80.7	98.6	25.3	27.0	33.5
Zinc in concentrate						
	kt	56.2	73.3	16.6	19.7	23.3

APPENDIX – GROUP PRODUCTION SUMMARY

Gold

		9m 2016	9m 2015	Q3 2016	Q2 2016	Q3 2015
Gold bearing ore mined	kt	23,022	4,372	9,602	7,175	2,145
Orlovsky	grade (g/t)	1.07	1.19	1.05	1.07	1.24
Artemyevsky	grade (g/t)	0.32	0.39	0.27	0.40	0.40
Irtyshtsky	grade (g/t)	0.28	0.28	0.29	0.27	0.25
Yubileyno-Snegirikhinsky	grade (g/t)	0.25	0.31	0.25	0.27	0.26
Bozymchak	grade (g/t)	1.48	1.76	1.37	1.46	1.81
Bozshakol	grade (g/t)	0.30	0.22	0.32	0.28	0.22
Average	grade (g/t)	0.37	0.63	0.37	0.36	0.51
Gold metal in ore mined	koz	273.7	88.1	113.1	83.2	34.8
East Region	koz	51.0	61.9	15.4	18.3	21.1
Bozymchak	koz	34.1	19.0	9.6	10.1	6.5
Bozshakol	koz	188.6	7.2	88.1	54.8	7.2
Gold in concentrate	koz	90.7	30.7	42.9	29.0	11.1
East Region	koz	15.9	18.5	4.4	5.9	5.7
Bozymchak	koz	35.2	12.2	11.9	11.4	5.4
Bozshakol	koz	39.6	-	26.6	11.7	-
Gold bar equivalent	koz	80.0	28.2	40.9	26.1	12.1
East Region ¹	koz	17.1	18.8	5.0	5.3	7.7
Bozymchak ¹	koz	28.9	9.4	11.0	12.0	4.3
Bozshakol ¹	koz	34.0	-	24.9	8.8	-

¹ Includes finished metal produced and the finished metal equivalent of concentrate sold in the period.

Silver

		9m 2016	9m 2015	Q3 2016	Q2 2016	Q3 2015
Silver bearing ore mined	kt	23,022	4,372	9,602	7,175	2,145
Orlovsky	grade (g/t)	61.6	65.1	61.9	59.3	63.1
Artemyevsky	grade (g/t)	33.3	35.5	24.6	43.0	31.5
Irtyshtsky	grade (g/t)	51.6	63.1	52.4	50.8	53.2
Yubileyno-Snegirikhinsky	grade (g/t)	14.8	17.6	16.5	18.5	16.2
Bozymchak	grade (g/t)	9.7	10.2	8.8	10.4	10.5
Bozshakol	grade (g/t)	1.6	2.7	1.5	1.6	2.7
Average	grade (g/t)	7.0	34.1	5.4	7.9	22.3
Silver in ore mined	koz	5,150	4,796	1,653	1,814	1,541
East Region	koz	3,955	4,598	1,187	1,429	1,415
Bozymchak	koz	222	110	61	72	38
Bozshakol	koz	973	88	405	313	88
Silver in concentrate	koz	2,478	2,429	791	911	762
East Region	koz	2,066	2,346	607	770	725
Bozymchak	koz	236	83	73	84	37
Bozshakol	koz	176	-	111	57	-
Silver bar equivalent	koz	2,236	2,450	806	679	788
East Region ¹	koz	1,897	2,388	629	558	758
Bozymchak ¹	koz	192	62	74	79	30
Bozshakol ¹	koz	147	-	103	42	-

¹ Includes finished metal produced and the finished metal equivalent of concentrate sold in the period.