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22 January 2019

COMPLETION OF ACQUISITION OF THE BAIMSKAYA COPPER PROJECT

KAZ Minerals announces that following regulatory approval and completion of other conditions precedent under the agreement to acquire the Baimskaya copper project, as announced by the Group on 2 August 2018, Initial Completion of the Transaction has now occurred.

The consideration due on Initial Completion is \$436 million¹ in cash and the issuance of Initial Equity Consideration comprising 22,344,944 new KAZ Minerals PLC shares. The shares comprising the Initial Equity Consideration have been allotted and issued to the Vendor and are identical in all respects to KAZ Minerals PLC's existing issued shares. The Initial Equity Consideration is expected to be admitted to listing on the Official List and to trading on the main market of the London Stock Exchange on 24 January 2019 and is subject to a three-year lock-up period ending on the third anniversary of Initial Completion.

Following issuance of the Initial Equity Consideration, the total number of KAZ Minerals PLC shares in issue is 480,723,977, including 10,133,458 shares held in treasury, and the total issued share capital of KAZ Minerals PLC carrying voting rights is 470,590,519.

During 2019 the Group will progress a bankable feasibility study of the Project. Fluor has been appointed as the lead contractor for the feasibility study and work has commenced. The results of the feasibility study, including guidance on the timing of capital expenditure, production volumes, operating costs and sustaining capital expenditure are expected to be announced in the first half of 2020. In parallel with the feasibility study, the Group will continue discussions with banks on financing the construction phase and evaluate the potential for partnering. State funded infrastructure projects to deliver power to the Baimskaya site are progressing in line with expectations. The construction of the 110 kV power line from Bilibino is on schedule to be completed by the end of 2019 and will provide sufficient power for the construction phase of the Project. An existing TASED zone in the Chukotka region has been enlarged to cover the area in which the Baimskaya licence area is located. The Group will proceed with a formal application for TASED status in due course.

Oleg Novachuk, Chair, said: "We are pleased to announce the completion of the acquisition of Baimskaya, one of the world's top ten undeveloped copper deposits. KAZ Minerals is ideally positioned to deliver this project due to its similarity to the low cost, open pit mines we recently completed and ramped up in Kazakhstan, on time and on budget. Combined with our expansion project at Aktogay, we have an industry-leading pipeline of near and long term growth in copper, to be delivered over a period when the market is forecast to enter a significant supply deficit. I look forward to updating shareholders on progress as we embark on this new phase of transformational growth."

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KAZ Minerals PLC is a high growth copper company focused on large scale, low cost, open pit mining in Kazakhstan, Kyrgyzstan and Russia. 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 38 years at an average copper grade of 0.35%. The mine and processing facilities commenced output in 2016 and 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 27 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.

In January 2019, the Group acquired the Baimskaya copper project in the Chukotka region of Russia for \$900 million, payable in a combination of cash and new KAZ Minerals PLC shares. Baimskaya is one of the world's most significant undeveloped copper assets with the potential to become a large scale, low cost, open pit copper mine. The Peschanka deposit within the Baimskaya licence area has JORC resources of 9.5 Mt of copper at an average grade of 0.43% and 16.5 Moz of gold at an average grade of 0.23 g/t. Average annual production² over the first ten years of operations is expected to be 250 kt copper and 400 koz gold, or 330 kt Copper Equivalent Production, with a mine life of approximately 25 years and first quartile operating costs. A Pre-feasibility study has been completed by Fluor. The Project is located in a region identified by the Russian Government as strategically important for economic development and will benefit from the construction of state-funded power and transport infrastructure and the provision of tax incentives. The estimated capital budget for the construction of the Project is \$5.5 billion³. The Group expects the Project to generate a significant NPV uplift and an attractive IRR at analyst consensus copper prices.

The development of Baimskaya will enable the Group to continue its high growth trajectory, adding a large-scale, long-life asset to the Group's portfolio. The market for copper is expected to enter a period of significant supply deficit over the medium term as demand from traditional and new sectors continues to grow, against a backdrop of declining production from existing mines due to reserve depletion and grade decline. Globally, large scale copper projects with attractive operating costs are increasingly scarce and many potential projects face a number of significant execution challenges. Baimskaya represents a rare opportunity to deliver value-accretive growth, utilising the proven large-scale copper project development capabilities of KAZ Minerals in the CIS region.

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

Notes

Defined terms used in this announcement take the same meaning as in the announcement released by the Group on 2 August 2018, entitled "KAZ Minerals Acquires Baimskaya Copper Project".

¹ \$50 million of the \$436 million Initial Cash Consideration has been withheld pending the release of a guarantee agreement made by the acquired entity which is the legal owner of the Baimskaya licence. The final cash payment of \$50 million is expected to be settled in 2019.

² Based on 100% share of production.

³ In nominal terms, based on 100% share of development capital expenditure, subject to confirmation in feasibility study.