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## **NEW \$600 MILLION DEBT FACILITY WITH DEVELOPMENT BANK OF KAZAKHSTAN**

KAZ Minerals PLC (“KAZ Minerals” or “the Group”) announces that it has signed a \$600 million credit facility with the Development Bank of Kazakhstan JSC (“DBK”). The new DBK facility will provide financing for the Group’s Aktogay expansion project, which is currently in construction and will double the processing capacity of the Aktogay mine. The project was approved by the Board in December 2017 and is scheduled to be completed by the end of 2021.

The facility is expected to be drawn in 2019 and 2020 and extends for a term of 15 years until final maturity in 2034. The loan is repayable in instalments with the first repayment due three years after the date of first drawing, followed by semi-annual repayments in May and November of each year from November 2022 until the final repayment in 2034. The first drawing under the loan is expected during the third quarter of 2019.

The facility bears an interest rate of US dollar LIBOR + 3.90% and contains a financial covenant which is the same as the Group’s existing facilities with DBK and the China Development Bank based on a ratio of total liabilities to total assets.

John Hadfield, Chief Financial Officer, said: “The new \$600 million debt facility with DBK provides funding for the second sulphide concentrator at Aktogay, where construction is progressing well and is on track to deliver near-term copper production growth from 2021. The Aktogay expansion is a low risk, brownfield development that is expected to increase cash flow and establish a stronger platform to deliver the Baimskaya copper project in the Chukotka region of Russia. KAZ Minerals has an industry leading pipeline of value-accretive projects which will sustain production growth over the next decade, when the copper market is forecast to enter a period of significant supply deficit.”

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### **NOTES TO EDITORS**

**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 2018, total copper production was 295 kt with by-products of 50 kt of zinc in concentrate, 183 koz of gold and 3,511 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 0.37%. 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 (including the expansion project) 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. 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 production 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. 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 billion. 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.

KAZ Minerals is listed on the London Stock Exchange and the Kazakhstan Stock Exchange and employs around 14,000 people, principally in Kazakhstan.

**Development Bank of Kazakhstan JSC** ("DBK") was established in 2001 to invest in the modernization and development of the non-oil and gas and infrastructure sectors of the Kazakhstan economy, with a focus on production infrastructure and the manufacturing industry. DBK is a subsidiary of National Management Holding "Baiterek" JSC with responsibility for promoting industrial development and innovation in Kazakhstan.

This announcement contains inside information.