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

15 August 2019

KAZ MINERALS PLC HALF-YEARLY REPORT FOR THE PERIOD ENDED 30 JUNE 2019

FINANCIAL HIGHLIGHTS

- Revenues of $1,052 million (H1 2018: $1,098 million)
  - Production-driven 3% increase in copper sales volumes, offset by 11% lower LME copper price
- EBITDA[1] of $620 million representing a 59% margin (H1 2018: $690 million, 63% margin)
- Operating profit of $410 million (H1 2018: $464 million)
- Industry leading first quartile net cash cost[1] of 80 USc/lb (H1 2018: 82 USc/lb)

OPERATIONAL HIGHLIGHTS

- Copper production[2] increased by 6% to 147.6 kt (H1 2018: 139.6 kt)
- Aktogay achieved record first half production of 74.1 kt (H1 2018: 60.5 kt)
- On track to achieve full year guidance for main products of copper and gold

FINANCIAL POSITION

- Net debt[1] increased to $2,560 million at 30 June 2019 (31 December 2018: $1,986 million)
  - $436 million cash consideration paid for acquisition of Baimskaya copper project in H1 2019
  - $332 million invested into growth projects, principally the Aktogay expansion
- Borrowings of $3,299 million at 30 June 2019 (31 December 2018: $3,453 million)
- Gross liquid funds[1] of $739 million at 30 June 2019 (31 December 2018: $1,467 million)
  - $480 million to be drawn in 2019-20 under new $600 million DBK facility for Aktogay expansion project
- Interim dividend of 4.0 US cents per share declared

GROWTH PROJECTS

- Completed the acquisition of the Baimskaya copper project in Russia, a globally significant deposit, on 22 January 2019
  - Feasibility study on track to be completed in H1 2020
  - Government funded road and power infrastructure progressed in period
  - Capital expenditure guidance for 2019 increased to $150 million, including $80 million approved for pioneer works and on-site infrastructure in second half of 2019
- Aktogay expansion project on schedule and on budget ($1.2 billion)
  - Concentrator and crusher structural works underway, new mining equipment commencing operations
  - Capital expenditure timing rephased, 2019 guidance now $500 million

OUTLOOK

- Short term copper market outlook more cautious due to continuing trade pressures and China slowdown concerns, but long term outlook remains robust
- Full year copper production guidance maintained at c. 300 kt
- Low cost asset base creates strong platform for growth

$ million (unless otherwise stated)	**Six months ended 30 June 2019**	Six months ended 30 June 2018
Revenues	**1,052**	1,098
EBITDA[1]	**620**	690
Operating profit	**410**	464
Profit before tax	**289**	355
Profit for the period	**227**	276
Ordinary EPS and EPS based on Underlying Profit[1] - basic ($)	**0.48**	0.62
Ordinary EPS and EPS based on Underlying Profit[1] - diluted ($)	**0.47**	0.62
Net cash flows from operating activities	**236**	350
Free Cash Flow[1]	**182**	308
Gross cash cost[1] (USc/lb)	**144**	145
Aktogay	**101**	109
Bozshakol	**157**	127
East Region and Bozymchak	**236**	250
Net cash cost[1] (USc/lb)	**80**	82
Aktogay	**96**	107
Bozshakol	**42**	55
East Region and Bozymchak	**103**	77
Borrowings	**3,299**	3,705
Cash and cash equivalents	**739**	1,653
Net debt[1]	**2,560**	2,052

1 Alternative Performance Measures ("APMs") are used to assess the performance of the Group and are not defined or specified under IFRS. For further information on APMs, including justification for their use, please refer to APMs section on page 49.
2 Payable metal in concentrate and copper cathode from Aktogay oxide ore.

Andrew Southam, Chief Executive Officer, said: "KAZ Minerals recorded EBITDA of $620 million in the first half of 2019, delivering increased production and maintaining the Group's industry leading low cost position. The Group's near and long term growth projects at Aktogay and Baimskaya are both on track, with the primary crusher, sulphide concentrator and mining fleet upgrade progressing well at Aktogay and pioneer works at Baimskaya approved to commence in the second half of 2019."

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**

Brunswick Group

Carole Cable, Charlie Pretzlik	**Tel: +44 20 7404 5959**

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, Russia and Kyrgyzstan. 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. In January 2019, the Group acquired the Baimskaya project in the Chukotka region of Russia, 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 Group's new operations at Bozshakol and Aktogay have delivered industry leading production growth 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 100 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 2024.

The Peschanka deposit within the Baimskaya licence area in Russia 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 construction is $5.5 billion and the project is currently at feasibility study stage. 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 15,000 people, principally in Kazakhstan.

AVAILABILITY OF THIS ANNOUNCEMENT

Copies of the half-yearly report will not be mailed to shareholders but the report is available on the KAZ Minerals website (www.kazminerals.com) or you may request a copy from the Corporate Communications department at the Company's registered office.

SHAREHOLDER INFORMATION

The Company declares dividends in US dollars. The default currency for receipt of dividends is US dollars although shareholders can elect to receive their dividends in UK pounds sterling. For those shareholders who wish to receive their dividends in UK pounds sterling, currency election forms or a CREST message should be sent to the Company's registrar, Computershare Investor Services PLC, so as to arrive no later than 5.00pm on 7 October 2019.

For those shareholders who have elected to receive their dividends in UK pounds sterling, the currency conversion rate to convert the dividend into UK pounds sterling will be £0.8258 to the US dollar. The conversion rate is based on the average exchange rate for the five business days ending two days before the date of this half-yearly results announcement.

The ex-dividend date for the interim dividend is 3 October 2019 for ordinary shareholders, the record date is 4 October 2019 and the dividend is payable on 25 October 2019.

CAUTIONARY NOTICE CONCERNING FORWARD-LOOKING STATEMENTS

This half-yearly report includes certain forward-looking statements. All statements other than historical facts are forward-looking statements. Examples of forward-looking statements include those regarding the business, strategy and plans of KAZ Minerals and its current goals, assumptions and expectations relating to its future financial condition, performance and results, commodity demand and trends in commodity prices, growth opportunities and any assumptions underlying or relating to any of the foregoing. Forward-looking statements are sometimes but not always identified by words such as "aim", "intend", "anticipate", "estimate", "plan", "believe", "expect", "may", "should" or in each case their negative and similar expressions. 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 project construction and commissioning, reserves and resources, political risk, legal and regulatory compliance, commodity prices, foreign exchange and inflation, exposure to China, acquisitions and divestments, liquidity and such other risk factors disclosed in KAZ Minerals' 2018 Annual Report and Accounts, which can be found at www.kazminerals.com. 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 this half-yearly report constitutes, or shall be taken to constitute, an invitation or inducement to invest in KAZ Minerals, 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, rule or regulation, KAZ Minerals does not undertake any obligation to publicly update or change any forward-looking statements, to reflect events or new information occurring after the date of this half-yearly report.

CHIEF EXECUTIVE OFFICER'S REVIEW

KAZ Minerals delivered growth and low costs in the first half of 2019, with copper production increasing by 6% to 148 kt (H1 2018: 140 kt) and net cash costs of 80 USc/lb (H1 2018: 82 USc/lb) firmly within the first quartile of the industry cash cost curve. EBITDA of $620 million (H1 2018: $690 million) was recorded on revenues of $1,052 million (H1 2018: $1,098 million), as increased copper production partially offset the reduction in commodity prices in the period and the Group maintained its competitive cost position. The Group's Bozshakol and Aktogay open pit mines processed 26 million tonnes of ore in the first half (H1 2018: 23 million tonnes) and increased their combined copper production by 10%, with both main sulphide concentrators operating at design capacity over the period. The Group is on track to achieve its annual production guidance for its main products of copper and gold.

During the first half of 2019 the Group progressed its copper growth strategy, completing the acquisition of the Baimskaya licence area in the Chukotka region of Russia in January and proceeding with the near term brownfield project to expand sulphide processing capacity at Aktogay.

Health and safety

No fatal accidents occurred at any of the Group's operations during the first half of 2019 and the Group's open pit mines of Bozshakol, Aktogay and Bozymchak have operated with zero fatalities since the commencement of operations at each site. However, it is with sadness I report that two fatalities occurred at the East Region in July, one at Orlovsky and one at Artemyevsky.

The Group has improved the safety performance of its underground mining operations in recent years with fatalities on a long term downward trend. In the first half of 2019, Total Recordable Injuries reduced to 21 (H1 2018: 33). This represents a 50% fall in the Total Recordable Injury Frequency Rate from the prior year comparative period, to 0.99 (H1 2018: 2.00). The improvement in the injury rate has been broad-based, with a general reduction in the number of injuries across all causes. The specific circumstances leading to the fatalities in July are being investigated by the Group and measures are being taken to prevent their recurrence.

During the first half of the year the Group launched a major new safety initiative, "Goal Zero", which includes a target to eliminate fatal incidents and lost time injuries. The programme seeks to unite employees, supervisors and management behind the common aim of reducing health, safety and environmental incidents to zero. KAZ Minerals is committed to implementing the robust safety management systems, training and risk management processes necessary to achieve zero fatalities.

Operational performance

Copper production in the first half increased by 6% to 148 kt (H1 2018: 140 kt) as the Aktogay sulphide concentrator ramped up output during the period. The Bozshakol and Aktogay sulphide concentrators both recorded strong throughput levels in the first half, completing scheduled SAG mill relinings in the second quarter efficiently. At the beginning of April, the Nikolayevsky concentrator in the East Region resumed normal operations following planned idling in the first quarter, and upgrade works to the process water and reclaim systems at the Bozshakol clay plant were completed in May. The Group is on track to achieve its annual copper production guidance of c. 300 kt.

The Group's gold production of 88 koz in the first half (H1 2018: 90 koz) is on track to achieve full year guidance of 170-185 koz, following strong output from Bozymchak for the period and higher volumes expected from the Bozshakol mine over the remainder of the year.

Group silver production of 1,552 koz (H1 2018: 1,637 koz) at the half year was in line with full year guidance of c. 3,000 koz.

Zinc in concentrate production recovered in the second quarter after output in the first quarter was impacted by low grades and planned concentrator idling, with first half production of 18.4 kt (H1 2018: 24.9 kt). Zinc is a by-product in the East Region and volumes are expected to remain variable as the region's two main mines experience some fluctuation in grades and challenging geological conditions in 2019, with full year guidance now set at 40-45 kt.

Financial performance

Continued copper sales growth partially offset lower commodity prices in the first half of 2019, resulting in revenues of $1,052 million (H1 2018: $1,098 million). The Group's competitive unit cost position delivered a strong EBITDA margin of 59% (H1 2018: 63%) and EBITDA of $620 million (H1 2018: $690 million).

Group gross cash costs were broadly unchanged at 144 USc/lb (H1 2018: 145 USc/lb) and net cash costs were also in line with the first half of 2018, at 80 USc/lb (H1 2018: 82 USc/lb). Unit costs benefited from a weaker exchange rate between the Kazakhstan tenge and the US dollar, which averaged 379 KZT/$ during the first half (H1 2018: 327 KZT/$).

Growing production at Aktogay helped to reduce gross cash costs to 101 USc/lb (H1 2018: 109 USc/lb), with net cash costs of 96 USc/lb (H1 2018: 107 USc/lb). 2019 gross cash cost guidance for Aktogay is maintained at 105-125 USc/lb, with lower output expected in the second half due to scheduled mill maintenance.

At Bozshakol, the 26 koz of gold bar inventory brought forward from 2018 was sold in the first half of the year to the National Bank of Kazakhstan, as guided in the Group's 2018 full year results. The production costs associated with the sale of this material increased gross cash costs in the period by 13 USc/lb, to 157 USc/lb (H1 2018: 127 USc/lb) and generated additional by-product credits of 34 USc/lb, contributing to a highly competitive net cash cost for Bozshakol of 42 USc/lb in the period (H1 2018: 55 USc/lb). Gross cash cost guidance for Bozshakol in 2019 is maintained at 130-150 USc/lb, as higher copper production in the second half is expected to result in lower unit costs. The Group's net cash cost of 80 USc/lb in the first half benefited from a net by-product credit of 7 USc/lb from the sale of gold bar inventory brought forward from the prior year at Bozshakol.

The East Region and Bozymchak gross cash cost of 236 USc/lb (H1 2018: 250 USc/lb) benefited from a weaker KZT to US dollar exchange rate and from cost control measures taken by management. The net cash cost increased to 103 USc/lb (H1 2018: 77 USc/lb), mainly due to a lower average zinc price and temporarily lower zinc in concentrate output of 18.4 kt (H1 2018: 24.9 kt). Zinc production is expected to be higher in the second half of the year with guidance set at 40-45 kt for 2019. Following the stronger than anticipated gross cash cost performance in the first half, the full year gross cash cost guidance range for the East Region and Bozymchak is revised to 230-250 USc/lb.

Operating profit decreased to $410 million from $464 million in the first half of 2018, whilst profit before tax reduced by 19% to $289 million from $355 million in the half year period to 30 June 2018. Profit for the period was $227 million, a decrease of 18% from the $276 million reported in the first half of 2018. Earnings per share based on Underlying Profit decreased by 23% to $0.48 from $0.62 in the first half of 2018, partly due to the issuance of 22.3 million consideration shares to the Vendor of the Baimskaya copper project.

Capital expenditure on expansionary projects totalled $332 million during the first half (H1 2018: $325 million) and sustaining capital expenditure was $66 million (H1 2018: $39 million) against full year guidance of $150 million.

Financial position

Net cash flows from operating activities of $236 million (H1 2018: $350 million) supported investment into the Group's near and long term growth pipeline. Following the payment of $436 million of cash consideration to the Vendor of the Baimskaya copper project in January 2019 and capital expenditure of $223 million on the construction of the Aktogay expansion project over the first half of the year, net debt increased to $2,560 million (31 December 2018: $1,986 million).

The Group continued to make scheduled capital repayments against its long dated debt facilities, with $272 million repaid during the first half. Gross debt reduced from $3,453 million at the 2018 year end to $3,299 million at 30 June 2019, as $120 million was also drawn under the new $600 million DBK facility agreed on 14 June 2019. Cash and cash equivalents and current investments decreased to $739 million at 30 June 2019 from $1,469 million at the 2018 year end. A further $480 million remains to be drawn against the new DBK facility, to fund capital spending on the Aktogay expansion project.

Growth projects

Baimskaya

KAZ Minerals completed the acquisition of the Baimskaya copper project in January 2019. The licence area contains the Peschanka deposit, one of the world's most significant undeveloped copper assets with 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.

The Group is currently progressing a bankable feasibility study of the Baimskaya project with Fluor Corporation as lead contractor. 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.

Infrastructure development in the Chukotka region is continuing to progress in line with management expectations alongside the feasibility study. The government funded construction of the 110 kV power line from Bilibino to Baimskaya is on track to be connected to the site around the end of 2019, with 90% of the required pylons now erected. Commissioning of the 110 kV power connection is due to take place in 2020.

The mobile nuclear power facility, Akademik Lomonosov, has been fuelled and successfully tested by the operator Rosatom and is due to depart from Murmansk for the port of Pevek at the end of August 2019. This facility will provide power to the site for construction activities after the decommissioning of the existing nuclear power station at Bilibino, which is expected to occur at the end of 2021.

To provide the additional power required for copper production from 2026, a government financed 220 kV power line is planned to be constructed to connect the site to existing hydroelectric facilities in the Magadan region. Financing has been allocated in the state budget to commence construction of the first phase of this project.

As part of the existing Omolon-Anadyr highway project, the Russian government is constructing a new permanent road which will link Baimskaya with the port of Pevek, a distance of approximately 800 km. The first 100 km section of the road, between Ilirney and Yarakvaam, has been completed. The next section to be constructed will be the 250 km route connecting the Baimskaya site to Ilirney. State funding for this next stage of the road building project has been provided and construction is expected to commence by the end of 2019.

At the Baimskaya site, the Board has approved $80 million of capital expenditure to be incurred in the second half of 2019 which will enable pioneer works to commence on the camp, fuel storage, airfield and site power infrastructure and accelerate the delivery of necessary construction equipment. Combined with the $70 million of capital expenditure already guided for the Baimskaya feasibility study this year, total capital expenditure for Baimskaya in 2019 is now expected to be around $150 million. Capital expenditure on the Baimskaya project incurred in the first six months of 2019 was $23 million.

Aktogay expansion

The Group has continued to make good progress with the expansion project at Aktogay, where a second concentrator is under construction to double sulphide ore processing capacity. Foundations for grinding and flotation equipment were successfully laid in the first quarter of 2019 and the erection of structural steel is now largely complete. The Group has taken delivery and put into operation the first of the new larger mining fleet vehicles, including Caterpillar 793 mine haul trucks and 994 loaders, which will deliver the increased ore extraction volumes required for the second concentrator. Further mining fleet deliveries are scheduled for the second half of 2019.

During the first half of the year, approximately 200 new apprentices were recruited locally to commence training at new facilities at the Aktogay site. The apprenticeship scheme is part of the recruitment programme to enable the Group to scale up its activities at Aktogay once the second concentrator commences operations. The programme also creates employment opportunities for Kazakh nationals and transfers skills to local workers.

Copper production from the second concentrator is expected to commence in 2021.

Following the agreement of a new $600 million debt facility to fund the project with DBK in June 2019, the Group has rephased $100 million of capital expenditure into 2019 to further de-risk the delivery of the project. This change to the timing of capital expenditure results in revised guidance for the Aktogay expansion in 2019 of $500 million from the previous $400 million, with $400 million of expenditure expected in 2020 and the final $100 million in 2021. The project budget remains unchanged at $1.2 billion.

Koksay

The agreement for NFC to invest $70 million into the Koksay project to acquire a 19.4% stake, originally announced on 8 June 2018, was completed on 3 July 2019. A feasibility study has commenced, the results of which will be reviewed by the Board before assessing how and when to proceed with the project. The Group's capital expenditure guidance for Koksay in 2019 remains unchanged, at around $20 million.

Dividend

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 before recommending a suitable dividend. This maintains flexibility, which is appropriate given the underlying cyclicality of a commodity business and the Group's growth ambitions.

KAZ Minerals continued to deliver strong operational and financial results in the first half of 2019, increasing copper output by 6% compared to the same period in 2018, whilst maintaining net cash costs at a low level. However, the outlook for the copper market has weakened in the near term and the Group is now undergoing a period of significant capital investment.

Taking into account these factors and the Group's flexible dividend policy, the Board has declared an interim dividend of 4.0 US cents per share in respect of the first half of 2019.

The financing requirements of the Baimskaya project including capital budget, phasing, sources of funding and partnering options will be assessed during the feasibility study, following which the Board will further review the Group's allocation of capital.

Outlook

In the short term, a more negative outlook for global demand has driven copper prices lower. However, the medium term outlook for copper prices remains positive, with limited projects in development and significant execution challenges faced by copper producers seeking to deliver new output into the market. Demand for copper into the next decade is forecast to remain strong, as the traditional drivers of economic development and urbanisation are supplemented by new demand from investment in clean energy generation and the increased adoption of electric vehicles.

We enter the second half of the year well equipped to navigate copper price fluctuations, with industry leading first quartile cash costs and our producing assets operating at design capacity. In the remainder of 2019 the Group will progress construction of the second concentrator at Aktogay and the feasibility study for the Baimskaya copper project.

KAZ Minerals is generating strong operating cash flows from its existing portfolio of modern, large scale mines which supports the Group's project pipeline, offering unmatched near and long term growth opportunities in copper.

OPERATING REVIEW

The Group's operations in 2019 include the Bozshakol and Aktogay open pit copper mines in the Pavlodar and East regions of Kazakhstan, three underground mines and associated concentrators in the East Region of Kazakhstan and the Bozymchak copper-gold mine in Kyrgyzstan.

Group production summary

kt (unless otherwise stated)	**Six months ended 30 June 2019**	Six months ended 30 June 2018
Copper production	**147.6**	139.6
Aktogay	**74.1**	60.5
Bozshakol	**47.1**	49.8
East Region and Bozymchak	**26.4**	29.3
Zinc in concentrate	**18.4**	24.9
Gold production (koz)	**87.7**	89.8
Silver production (koz)	**1,552**	1,637

AKTOGAY

Aktogay is a large scale, open pit mine 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 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 100 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 2024.

Production summary

kt (unless otherwise stated)	**Six months ended 30 June 2019**	Six months ended 30 June 2018
Oxide		
Ore extraction	**8,193**	8,835
Copper grade (%)	**0.32**	0.31
Copper cathode production	**11.8**	11.5
Sulphide		
Ore extraction	**16,023**	10,290
Ore processed	**12,733**	9,585
Average copper grade processed (%)	**0.58**	0.62
Recovery rate (%)	**89**	86
Copper in concentrate	**65.2**	51.3
Copper production	**62.3**	49.0
Total copper production	**74.1**	60.5
Silver production (koz)	**288**	215

Copper cathode production from oxide ore of 11.8 kt was 3% higher than the prior year comparative period as the SX/EW plant achieved incremental efficiency gains in the electrolysis and automated stripping processes. Production is on track to achieve guidance of c. 25 kt for the year.

Copper production from the sulphide plant increased by 27% to 62.3 kt due to a 33% increase in processing volumes, with the sulphide concentrator operating close to design capacity throughout the period. Production also benefited from an improvement in copper recovery, to 89%. The average grade of copper processed reduced to 0.58% from 0.62%, in line with the mine plan. Sulphide ore extraction increased to 16,023 kt, which was above the level required by the plant as mine development works were carried out in preparation for the Aktogay expansion project.

Total copper production of 74.1 kt was a record for Aktogay and 22% higher than the prior year comparative period. Full year copper production guidance is maintained at 130-140 kt as output in the second half of the year will be impacted by scheduled maintenance.

Financial summary

$ million (unless otherwise stated)	**Six months ended 30 June 2019**	Six months ended 30 June 2018
Revenues	**429**	389
Copper sales (kt)	**71.8**	61.3
EBITDA	**282**	271
Operating profit	**191**	177
Gross cash costs (USc/lb)	**101**	109
Net cash costs (USc/lb)	**96**	107
Capital expenditure	**276**	321
Sustaining	**21**	9
Expansionary	**255**	312

Revenues

Aktogay revenues increased by $40 million, or 10% from the prior year comparative period. This was due to a 10.5 kt rise in copper sales volumes, driven by an increase in production during the period, contributing an additional $62 million of revenues. This more than offset a reduction in the market price for copper, with the average LME price reducing from $6,917/t in the prior year comparative period to $6,165/t during the first half of 2019.

EBITDA

EBITDA of $282 million was $11 million above the prior year comparative period as the increase in revenues was partially offset by an increase in cash operating costs. Cash operating costs increased from $118 million to $147 million, driven by the additional volumes of sulphide material mined and processed and certain cost increases for salaries and consumables, including fuel, as well as higher maintenance expenses. Cash operating costs include social expenditure of $10 million which has been excluded from gross cash costs as it is not considered directly attributable to mining and processing at Aktogay and benefits the wider Group. Costs also benefited from a weaker tenge and on a volume basis gross cash costs reduced from 109 USc/lb to 101 USc/lb in the period, reflecting the increased level of copper sales.

The full year gross cash cost guidance of 105-125 USc/lb remains unchanged. Gross cash costs are expected to be higher in the second half of the year as additional shutdowns for maintenance are planned, which will lower production and increase costs. Net cash costs, after by-products from commercially payable silver, were 96 USc/lb.

Operating profit

Operating profit increased by $14 million to $191 million. This reflects the $11 million increase in EBITDA as well as an $8 million decrease in depreciation charges due to the weaker tenge, partially offset by a $5 million increase in MET charges due to higher ore extraction.

Capital expenditure

Sustaining capital expenditure increased to $21 million which was higher than the $9 million recorded in the prior year comparative period when the newer operations required limited maintenance. Expenditure in the current period primarily relates to the maintenance of mining equipment as well as construction work to increase tailings storage capacity.

In the first half of 2019, total expansionary capital expenditure was $255 million. $223 million of this expenditure relates to the Aktogay expansion project and includes approximately $115 million for the procurement of long lead items required for the new plant. Construction activities are progressing in line with the timetable, with the laying of foundations for grinding and flotation equipment completed in the first quarter and structural steel for the concentrator building largely erected. Expenditure also includes amounts to increase the capacity of the mining fleet to prepare for the expanded operation.

Also included within expansionary capex is $32 million in respect of the original Aktogay project, mainly for final retention payments to construction contractors and the second stage expansion of the heap leach cells for the oxide operations.

Total expansionary capital of around $570 million is forecast in 2019, which includes $70 million in respect of the original Aktogay project. Following the agreement of a new $600 million debt facility in June the Group has brought forward $100 million of capital expenditure into 2019 to further de-risk delivery of the project. This change to the timing of capital expenditure results in revised guidance for the Aktogay expansion in 2019 of $500 million from the previous $400 million, with $400 million of expenditure expected in 2020 and $100 million in 2021. The project budget remains unchanged at $1.2 billion.

BOZSHAKOL

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.

Production summary

kt (unless otherwise stated)	**Six months ended 30 June 2019**	Six months ended 30 June 2018
Ore extraction	**17,502**	15,506
Ore processed	**13,248**	13,430
Average copper grade processed (%)	**0.45**	0.49
Copper recovery rate (%)	**83**	80
Copper in concentrate	**49.3**	52.1
Copper production	**47.1**	49.8
Average gold grade processed (g/t)	**0.25**	0.26
Gold recovery rate (%)	**60**	60
Gold in concentrate (koz)	**63.7**	66.7
Gold production (koz)	**59.6**	62.3
Silver production (koz)	**334**	340

Ore extraction of 17,502 kt was 13% higher compared to the 15,506 kt mined in the first half of 2018 as additional volumes of clay material were extracted and stockpiled to gain access to the sulphide ore.

Processing volumes of 13,248 kt were 1% below the prior year comparative period as higher ore throughput at the sulphide concentrator was offset by lower volumes from the clay plant. Clay plant operations were suspended for around three months to perform a programme of upgrades to the water system to increase recycling rates and reduce the consumption of fresh water. The clay plant was restarted on 12 May and operated at above design capacity during the month of June.

Copper production of 47.1 kt was 5% lower than the first half of 2018 due to a reduction in average copper grade and slightly lower processing volumes. This was partially offset by an increase in the recovery rate at the sulphide plant. The average copper grade processed in the period reduced to 0.45% from 0.49% but is expected to be higher in the second half of the year. The average copper grade processed for the full year is forecast to be close to the 2018 level of 0.48%.

Gold production reduced by 4% to 59.6 koz due to lower processing volumes and grades. Silver production of 334 koz was broadly in line with the prior year comparative period.

Full year copper production guidance of 105-115 kt is maintained with production expected to be weighted towards the second half of the year due to higher grades and continuous operation of the clay plant. Gold and silver production is on track to achieve guidance of 130-140 koz and c. 700 koz respectively.

Financial summary

$ million (unless otherwise stated)	**Six months ended 30 June 2019**	Six months ended 30 June 2018
Revenues	**372**	388
Copper	**258**	310
Gold	**107**	72
Silver	**5**	6
Other	**2**	-
Sales volumes		
Copper sales (kt)	**45.0**	49.8
Gold sales (koz)	**80.6**	55.9
Silver sales (koz)	**312**	365
EBITDA	**240**	277
Operating profit	**164**	197
Gross cash costs (USc/lb)	**157**	127
Net cash costs (USc/lb)	**42**	55
Capital expenditure	**62**	15
Sustaining	**25**	12
Expansionary	**37**	3

Revenues

Revenues decreased by 4% from the prior year comparative period to $372 million as lower copper revenues were largely offset by an increase in gold sales volumes. Copper sales volumes were below the prior year comparative period due to slightly lower production and an increase in finished goods inventory at the end of the period. The reduction in the average LME price for copper negatively impacted copper revenues by $25 million. Including the impact of lower sales volumes, copper revenues reduced by a total of $52 million. Gold sales volumes of 80.6 koz were significantly higher than production, benefiting from the sale of 25.6 koz of gold bar inventory accumulated at the end of 2018, as previously guided. This drove a 49% increase in gold revenues in the period to $107 million.

EBITDA

Bozshakol generated an EBITDA of $240 million, a 13% decrease from the prior year comparative period following a reduction in revenues and an increase in gross cash costs. Gross cash costs are expressed on a unit of copper sales basis and the reported figure of 157 USc/lb in the period includes charges associated with the sale of 25.6 koz of gold bar inventory accumulated in 2018. Excluding the gold inventory sales, the underlying gross cash cost for the first half of 2019 was 144 USc/lb. As expected, the gross cash cost has increased from the prior year comparative period when operations benefited from a higher grade in ore processed and lower maintenance associated with the newer plant, whereas additional relines of the mills were performed in the current period. In addition, there was some inflationary impact on costs, including an increase in local salaries and certain consumables, particularly fuel. This was partly offset by a weaker tenge, which traded at an average of 379 KZT/$ versus 327 KZT/$ in the prior year comparative period. Unit costs in the second half of the year are expected to trend lower, benefiting from increased production owing to higher grades, a full period of output from the clay plant and the absence of charges associated with the sale of prior year gold inventory as this is now complete. Therefore, the full year guidance for Bozshakol gross cash costs is unchanged at 130-150 USc/lb.

The net cash cost of 42 USc/lb reflects the sale of gold by-products and benefits from the sale of the 25.6 koz of gold bar inventory accumulated in 2018. Excluding these volumes, the Bozshakol net cash cost would have been 63 USc/lb.

Operating profit

The $33 million reduction in operating profit to $164 million reflects the $37 million decrease in EBITDA as well as lower MET charges owing to the fall in average copper price.

Capital expenditure

Sustaining capital expenditure was $25 million during the period, an increase from the prior year comparative period when maintenance requirements for the newer plant were limited. Expenditure in the period mainly relates to the purchase and overhaul of mining equipment as well as construction work to increase the capacity of the tailings storage facilities. Sustaining capital for the year is estimated to be around $50 million. Expansionary capital expenditure of $37 million mainly relates to final retention payments made to contractors.

EAST REGION AND BOZYMCHAK

Production summary

Copper

kt (unless otherwise stated)	**Six months ended 30 June 2019**	Six months ended 30 June 2018
Ore extraction	**1,942**	1,954
Ore processed	**1,793**	1,886
Average copper grade processed (%)	**1.72**	1.84
Average recovery rate (%)	**91**	89
Copper in concentrate	**28.0**	31.0
Copper production	**26.4**	29.3

Ore extraction volumes of 1,942 kt were consistent with the prior year comparative period. Processing volumes of 1,793 kt were 5% lower than the first half of 2018, limited by lower ore extraction at Orlovsky and the planned idling of the Nikolayevsky concentrator for the duration of the first quarter to raise the utilisation rate of the concentrator over the remainder of the year. The concentrator restarted operations in early April and processed 514 kt of ore, including material from Artemyevsky that was stockpiled during the first quarter.

Copper production of 26.4 kt was 10% below the prior year comparative period as a result of the lower processing volumes and a reduction in grades, mainly from Orlovsky and Belousovsky. The Bozymchak mine in Kyrgyzstan continued to operate at full capacity and contributed 3.5 kt of copper output, marginally below the 3.7 kt produced in the first half of 2018, due to a reduction in copper grades. With all concentrators now operating, the East Region and Bozymchak is on track to achieve full year copper production of c. 55 kt in 2019.

By-products

koz (unless otherwise stated)	**Six months ended 30 June 2019**	Six months ended 30 June 2018
Zinc bearing ore processed (kt)	**1,280**	1,381
Zinc grade processed (%)	**2.11**	2.63
Zinc in concentrate (kt)	**18.4**	24.9
Gold bearing ore processed	**1,793**	1,886
Gold grade processed (g/t)	**0.73**	0.79
Gold in concentrate	**28.1**	28.9
Gold production	**26.4**	27.2
Silver bearing ore processed	**1,793**	1,886
Silver grade processed (g/t)	**29.5**	34.9
Silver in concentrate	**1,022**	1,189
Silver production	**930**	1,082

Consistent with copper production, output of all by-products was lower than the first half of 2018 due to a reduction in processing volumes. Zinc production fell by 26% driven by lower than expected zinc grades at Orlovsky and Belousovsky, as well as the planned idling of the Nikolayevsky concentrator in the first quarter. Zinc production improved in the second quarter, almost doubling from 6.2 kt to 12.2 kt after the restart of the Nikolayevsky concentrator. Full year zinc production is now guided at 40-45 kt for 2019.

The 3% decrease in gold output to 26.4 koz was lower than other by-products, as the majority of production is supplied from the Bozymchak mine. Bozymchak gold production increased by 3% versus the prior year comparative period due to an increase in grades, with ore processed remaining stable. Silver production of 930 koz in the period represents a reduction of 14% from the first half of 2018, due to lower processed volumes and grades. Gold production is well positioned to achieve the top end of guidance of 40-45 koz, with silver production on track to achieve guidance of around 1,800 koz.

Financial Summary

$ million (unless otherwise stated)	**Six months ended 30 June 2019**	Six months ended 30 June 2018
Revenues	**251**	321
Copper	**170**	206
Zinc	**31**	60
Silver	**15**	17
Gold	**33**	33
Other	**2**	5
Sales volumes		
Copper sales (kt)	**27.6**	29.7
Zinc sales (kt)	**17.1**	26.6
Silver sales (koz)	**1,000**	1,023
Gold sales (koz)	**25.5**	25.2
EBITDA	**108**	155
Operating profit	**66**	104
Gross cash costs (USc/lb)	**236**	250
Net cash costs (USc/lb)	**103**	77
Capital expenditure	**35**	28
Sustaining	**20**	18
Expansionary	**15**	10

Revenues

Revenues generated by East Region and Bozymchak decreased by 22% to $251 million as sales of all metals other than gold reduced. Copper revenues decreased by $36 million, mainly a result of a lower LME price as well as a reduction in sales volumes. Revenues from by-products reduced by 30% or $34 million. The majority of this decrease relates to zinc, for which revenues reduced by $29 million following a 16% fall in the market price and lower production.

EBITDA

EBITDA decreased by $47 million, resulting from the $70 million fall in revenues partially offset by a reduction in operating costs. Cash operating costs of $143 million were $23 million lower than the prior year comparative period, owing to lower production volumes as well as favourable cost performance. Management took actions to control costs in the period including a rationalisation of shift schedules and transportation routes as well as a reduction in warehousing costs. Operating costs in the East Region have a higher exposure to the tenge, which weakened by 16%, from an average of 327 KZT/$ in H1 2018 to 379 KZT/$ in the current period. In addition, there was a reduction in costs as the first half of 2018 included the processing of stock from prior periods. These impacts more than offset local market price increases for raw materials and salaries. Operating costs at the Bozymchak mine were in line with the prior year comparative period. As a result, gross cash costs for East Region and Bozymchak improved from 250 USc/lb to 236 USc/lb, notwithstanding the reduction in copper sales. With an increase in copper production expected in the second half of the year, gross cash cost guidance for the full year has been revised to 230-250 USc/lb.

Net cash costs increased by 26 USc/lb to 103 USc/lb despite the reduction in gross cash costs, due to the significant reduction in zinc revenues during the period.

Operating profit

The $38 million decrease in operating profit to $66 million follows the $47 million decrease in EBITDA, partially offset by a $6 million decrease in the MET charge resulting from lower prices and a $3 million reduction in depreciation due to the weaker tenge.

Capital expenditure

Sustaining capital expenditure of $20 million was in line with the prior year comparative period and relates to mine development works across the underground mines, the purchase of mine equipment, expansion of tailings facilities and maintenance of support infrastructure. In 2019, sustaining capital requirements for the East Region and Bozymchak are expected to be around $50 million.

Expansionary capital of $15 million mainly relates to initial works on the Artemyevsky mine extension, including the development of a ventilation tunnel and installation of site infrastructure. The principal construction contractor has been mobilised, with an expected increase in expenditure for the second half of the year. Expansionary capital in 2019 is forecast at $70 million, with around $60 million per annum required from 2020 to 2022.

OTHER PROJECTS

On 22 January 2019 the Group announced the Initial Completion of the acquisition of the Baimskaya copper project in the Chukotka region of Russia. The Group is currently conducting a bankable feasibility study, with Fluor Corporation appointed as the lead contractor. The Board has approved approximately $80 million of capital expenditure on the project to be incurred in the second half of 2019. This will enable pioneer works to take place on the camp, fuel storage, airfield and site power infrastructure, and accelerate the delivery of key construction equipment. Combined with the $70 million of capital expenditure already guided for the Baimskaya feasibility study in 2019, total capital expenditure for Baimskaya in the year is now $150 million. Expenditure in the first half of the year was $23 million.

On 3 July 2019 the Group transferred a 19.4% equity stake in the Koksay development project to NFC for total proceeds of $70 million. The $70 million is to be used for the development of Koksay, including a feasibility study. Approximately $20 million is expected to be spent during 2019, with limited expenditure of $2 million having been incurred during the first half of 2019.

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 consolidated financial statements for the year ended 31 December 2018, except for the adoption of IFRS 16 '*Leases*' and '*Borrowing costs eligible for capitalisation (Amendments to IAS 23)*' which were applicable from 1 January 2019. As the impact of IFRS 16 was not material to the Group, it was applied without the restatement of the prior year comparative period and there was no impact on retained earnings at 1 January 2019. The amendment to IAS 23 was applied prospectively from 1 January 2019. Further details are provided in the notes to the condensed consolidated financial statements on page 33.

Income statement

An analysis of the consolidated income statement is shown below:

$ million (unless otherwise stated)	**Six months ended 30 June 2019**	Six months ended 30 June 2018
Revenues	**1,052**	1,098
Cash operating costs	**(432)**	(408)
EBITDA[1]	**620**	690
Less: MET and royalties	**(91)**	(98)
Less: depreciation, depletion and amortisation	**(119)**	(128)
Operating profit	**410**	464
Net finance costs	**(121)**	(109)
Profit before tax	**289**	355
Income tax expense	**(62)**	(79)
Profit for the period	**227**	276
Non-controlling interests	**–**	–
Profit attributable to equity holders of the Company	**227**	276
Earnings per share attributable to equity shareholders of the Company		
Ordinary EPS and EPS based on Underlying Profit[1] – basic ($)	**0.48**	0.62
Ordinary EPS and EPS based on Underlying Profit[1] – diluted ($)	**0.47**	0.62

1 APMs are used to assess the performance of the Group and are not defined or specified under IFRS. For further information on APMs, including justification for their use, please refer to the APMs section on page 49.

Revenues

Revenues for the six months ended 30 June 2019 were $1,052 million, a decrease of $46 million from the prior year comparative period, as higher copper volumes from Aktogay and gold volumes from Bozshakol were offset by the impact of lower copper (-11%), gold (-1%), silver (-9%) and zinc (-16%) prices and lower zinc volumes (9.5 kt) from the East Region operations.

Copper revenues decreased from $902 million in the first half of 2018 to $849 million in the current period due to the impact of lower LME prices partly offset by higher copper volumes. The total copper sold in the first six months of 2019 was 144.4 kt versus 140.8 kt in the prior year comparative period, mainly due to higher throughput at the Aktogay sulphide plant which operated at near design capacity during the current half year, whilst achieving 77% of design capacity in the equivalent period in 2018 when the plant was ramping up.

The LME copper price averaged $6,165/t during the first half of 2019, below the $6,917/t recorded in the prior year comparative period. The average realised price of copper fell to $5,881/t from $6,410/t in the first half of 2018, as the reduction in the LME average price was partly offset by the sale of a lower proportion of copper concentrate, which has a lower realised price due to the deduction of treatment and refining charges. Copper concentrate contributed 55% of total copper sales volumes compared to 65% in the prior year comparative period.

Revenues from by-products were $203 million compared to $196 million in the prior year comparative period as the benefit of higher gold sales from Bozshakol was partially offset by lower zinc volumes from the East Region and an adverse movement in zinc prices. Gold revenues of $143 million were above the $105 million recorded in the first half of 2018, as gold bar inventory at Bozshakol built-up from prior year production was sold. By-products comprised 19% of revenues in the first half of 2019 versus 18% in the prior year comparative period.

Further information on revenues by operating segment can be found in the Operating review. Additional information on revenues and related credit risk management policies can be found in note 4 to the condensed consolidated financial statements.

Operating profit and EBITDA

Operating profit for the first half of 2019 was $410 million versus $464 million in the prior year comparative period, mainly driven by the decrease in revenues. The Group's operating profit margin, measured as operating profit divided by revenues, reduced slightly to 39% in the current half year period from 42% in the first six months of 2018, as the impact of lower commodity prices offset the positive effect of a weaker tenge on local operating costs. The tenge traded at an average of 379 KZT/$ in the first half of 2019, whilst recording an average of 327 KZT/$ in the prior year comparative period.

EBITDA for the Group declined by 10% to $620 million due to the decrease in revenues which was mainly price driven and from higher cash costs associated with additional volumes, partly offset by the favourable impact on costs of the weaker tenge versus the prior year comparative period. The Group's gross cash costs decreased marginally from 145 USc/lb to 144 USc/lb while the EBITDA margin decreased from 63% in the first half of 2018 to 59% in the current half year period mainly from lower prices.

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

Items excluded from EBITDA

MET and royalties

The MET and royalties charge in the income statement was $91 million in the first half of 2019, below the $98 million recorded in the prior year comparative period, due to lower commodity prices and reduced copper grades at Bozshakol and the East Region, partly offset by higher extraction at Aktogay sulphide to support the expansion project and stockpiling at Bozshakol clay.

The total MET and royalties incurred was $101 million compared to $106 million in the prior year comparative period. The difference between the MET and royalties charge in the income statement and the total incurred reflects MET included in unsold inventories on the balance sheet.

Depreciation, depletion and amortisation

Depreciation, depletion and amortisation in the first half of 2019 of $119 million was lower than the $128 million incurred in the prior year comparative period, reflecting the impact of the weaker tenge on tenge denominated property, plant and equipment.

Net finance costs

Net finance costs include:

$ million	**Six months ended 30 June 2019**	Six months ended 30 June 2018
Interest income	**11**	14
Total interest incurred	**(117)**	(119)
Interest capitalised	**12**	–
Interest expense	**(105)**	(119)
Interest on employee obligations and unwinding of discounts	**(3)**	(3)
Fair value losses on debt related derivative financial instruments	**–**	(1)
Net interest expense	**(108)**	(123)
Net foreign exchange loss	**(24)**	–
Net finance costs	**(121)**	(109)

Net finance costs were $121 million in the first half of 2019 versus $109 million in the prior year comparative period. Total interest incurred on borrowings of $117 million was $2 million lower than the $119 million incurred in the first half of 2018, as the impact of higher US dollar LIBOR rates was offset by the repayment of debt facilities. Capitalised interest of $12 million in the current period is due to financing costs incurred on the Group's general borrowings used to fund the Aktogay expansion project (see note 6 on page 40).

The net exchange loss of $24 million arose from the impact of the appreciation of the tenge in the first half of 2019 compared to 31 December 2018 on tenge denominated intercompany balances. The net loss was non-cash and largely offset by translation gains 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 (as applicable) on the Group's tax charge.

$ million (unless otherwise stated)	**Six months ended 30 June 2019**	Six months ended 30 June 2018
Profit before tax	**289**	355
Add: MET and royalties	**91**	98
Adjusted profit before tax	**380**	453
Income tax expense	**62**	79
Add: MET and royalties	**91**	98
Adjusted tax expense	**153**	177
Effective tax rate (%)	**21**	22
All-in effective tax rate (%)[1]	**40**	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 the first half of 2019 was 21%, a slight decrease from the 22% recorded in the equivalent period in 2018 and consistent with the effective tax rate for the year ended 31 December 2018 of 21%.

All-in effective tax rate

The all-in effective tax rate increased marginally to 40% from 39% in the prior year comparative period mainly due to the reduction in operating profit, partly offset by a lower MET and royalties charge. As MET is determined independently of the profitability of operations, in periods of lower profitability the all-in effective tax rate increases as the impact of MET and royalties is elevated. Conversely, during periods of higher profitability, the MET and royalties impact on the all-in effective tax rate decreases.

Net profit attributable to the equity holders of the Company and Underlying Profit

A reconciliation of Underlying Profit and profit attributable to equity holders of the Company to EPS and EPS based on Underlying Profit is set out below:

$ million (unless otherwise stated)	**Six months ended 30 June 2019**	Six months ended 30 June 2018
Underlying Profit[1] and net profit attributable to equity holders of the Company	**227**	276
Weighted average number of shares in issue (million) – basic	**468**	447
Potential dilutive ordinary shares, weighted for the period outstanding (million)	**19**	–
Weighted average number of shares in issue (million) – diluted	**487**	447
Ordinary EPS and EPS based on Underlying Profit[1] – basic ($)	**0.48**	0.62
Ordinary EPS and EPS based on Underlying Profit[1] – diluted ($)	**0.47**	0.62

1 APMs are used to assess the performance of the Group and are not defined or specified under IFRS. For further information on APMs, including justification for their use, please refer to the APMs section on page 49.

The Group's net profit attributable to equity holders of the Company was $227 million in the first half of 2019 compared to $276 million in the first six months of 2018, mainly due to the decrease in operating profit in the current period.

EPS and EPS based on Underlying Profit

Basic EPS (both Ordinary EPS and EPS based on Underlying Profit) of $0.48 decreased from $0.62 for the first half of 2018 mainly due to the reduction in earnings, as well as the increase in the weighted average number of ordinary shares in issue following the acquisition of the Baimskaya copper project in January 2019, which was partly settled through new ordinary shares. Diluted EPS of $0.47 takes into account the ordinary shares expected to be issued to settle the Deferred Consideration arising on the acquisition of the Baimskaya copper project (see note 8 on page 41).

Dividends

KAZ Minerals PLC, the parent company of the Group, is a non-trading investment holding company and derives its profits from dividends paid by subsidiary companies.

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 before recommending a suitable dividend. This maintains flexibility, which is appropriate given the underlying cyclicality of a commodity business and the Group's growth ambitions.

In respect of the first half of 2019 the Board has declared an interim dividend of 4.0 US cents per share (H1 2018: 6 US cents per share).

The final dividend of $28 million in respect of the year ended 31 December 2018 was paid on 17 May 2019.

The distributable reserves of KAZ Minerals PLC at 30 June 2019 were $1.3 billion.

Cash flows

The summary of cash flows below is prepared on a basis consistent with internal management reporting.

$ million	**Six months ended 30 June 2019**	Six months ended 30 June 2018
EBITDA[1]	**620**	690
Change in inventories	**(87)**	(65)
Change in prepayments and other current assets	**(22)**	(9)
Change in trade and other receivables	**–**	(12)
Change in trade and other payables and provisions	**(22)**	29
Interest paid	**(117)**	(112)
MET and royalties paid	**(97)**	(111)
Income tax paid	**(29)**	(60)
Foreign exchange and other movements	**2**	(3)
Net cash flows from operating activities before capital expenditure and VAT associated with major growth projects[2]	**248**	347
Sustaining capital expenditure	**(66)**	(39)
Free Cash Flow[1]	**182**	308
Expansionary and new project capital expenditure	**(332)**	(325)
Acquisition of Baimskaya copper project, net of cash acquired	**(435)**	–
Net VAT (paid)/received associated with major growth projects	**(12)**	3
Proceeds from disposal of property, plant and equipment	**1**	–
Interest received	**12**	14
Dividends paid	**(28)**	–
Other investments	**45**	–
Other movements	**(1)**	(1)
Cash flow movement in net debt	**(568)**	(1)

1 APMs are used to assess the performance of the Group and are not defined or specified under IFRS. For further information on APMs, including justification for their use, please refer to the APMs section on page 49.

2 The difference between 'net cash flow from operating activities before capital expenditure and VAT associated with major growth projects' and 'net cash from operating activities' as reflected on the Group cash flow statement, is the net VAT (paid)/received on the construction of the major growth projects.

Summary

Net cash flows from operating activities before capital expenditure and VAT associated with major growth projects declined to $248 million due to lower EBITDA, a decrease in trade and other payables due to reduced customer advances, higher VAT receivable associated with operations and higher inventory requirements for consumables and spare parts, partly offset by lower income tax and MET payments.

Working capital

- Inventory levels rose by $87 million primarily related to the acquisition of consumables and spare parts to support the Aktogay and Bozshakol operations, partly offset by a decrease in finished goods inventory at Bozshakol and East Region and Bozymchak due to the timing of sales. A conservative approach has been taken to support sustained output as an operating history is established. However, it is expected that over time inventory requirements will reduce as the Group develops better data on consumption and wear rates, works with suppliers to shorten lead times and as the Group's shared spares strategy develops further. The $103 million increase in inventory shown 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 paid is reflected separately and EBITDA is stated before depreciation and amortisation;

- Prepayments and other current assets rose by $22 million primarily due to an increase in VAT receivable at the Aktogay and Bozshakol operations. During the six months ended 30 June 2019, $47 million of VAT was refunded to the East Region, Bozshakol and Aktogay operations. The $34 million increase in prepayments and other current assets shown in the IFRS based cash flow statement (see note 14(a)) includes net VAT paid on the major growth projects during the first half of 2019;
- Trade and other receivables were unchanged compared to 31 December 2018 as an increase in copper volumes was offset by reduced zinc volumes and lower commodity prices; and
- Trade and other payables and provisions decreased by $22 million due to a decrease of customer receipts in advance of product deliveries compared to 31 December 2018. The difference to trade and other payables shown in the IFRS based cash flow statement (see note 14(a)) reflects the change in MET and royalties payable over the first half of 2019, if any. The cash flow above contains MET and royalties payments as a separate line item.

In the first half of 2018, inventory levels rose by $65 million due to higher consumables needed to support the ramp up of Aktogay and Bozshakol and from an increase in finished goods due to the timing of sales. Trade and other receivables increased by $12 million following higher sales volumes at Aktogay, while prepayments and other current assets increased by $9 million due to a higher operating VAT receivable at Aktogay and increases in advances paid for raw materials and smelting services. Trade and other payables rose by $29 million due to increased credit purchases of raw materials to support the ramp up to design capacity at the new operations and higher advance payments received for inventory delivered to customers.

Interest cash flows

Interest paid during the first half of 2019 was $117 million compared with $112 million paid in the first half of 2018. Interest paid is consistent with the borrowing costs incurred during the current half year period of $117 million. Interest payments are made semi-annually under the CDB Bozshakol/Bozymchak facility, the CDB Aktogay USD facility and the DBK Aktogay facility, quarterly under the CDB Aktogay RMB facility and monthly under the PXF facility.

Income taxes and MET

Income tax payments of $29 million (H1 2018: $60 million) include $11 million (H1 2018: $33 million) of withholding tax on interest accrued in previous years for financing the major projects. Excluding withholding tax payments, taxes paid were below the income statement charge of $62 million (H1 2018: $79 million) due to capital allowances and utilisation of available tax losses at Aktogay and Bozshakol and below the prior year comparative period due to lower profitability. At 30 June 2019, the Group's net income tax payable was $13 million, compared to $7 million net income tax receivable at 31 December 2018.

MET and royalties payments decreased to $97 million (H1 2018: $111 million) as a result of the lower charge in the first half of 2019. At 30 June 2019, MET and royalties payable was $52 million compared to $48 million at 31 December 2018.

Free Cash Flow

The Group's Free Cash Flow before interest payments on borrowings was $299 million compared to $420 million in the first half of 2018, in line with the lower profitability. After interest payments, Free Cash Flow was $182 million compared to $308 million in the prior year comparative period.

Capital expenditure

Sustaining capital expenditure increased to $66 million in the first half of 2019 from $39 million in the prior year comparative period, primarily due to higher maintenance spend at Bozshakol and Aktogay.

Expansionary and new project expenditure of $332 million in the first half of 2019 includes $22 million paid by Aktogay and $37 million paid by Bozshakol to contractors, mainly for final retention payments to settle construction liabilities; $233 million invested at Aktogay mainly on the expansion project; $23 million spent on the Baimskaya copper project; and $15 million incurred in the East Region and Bozymchak, mainly on the Artemyevsky mine extension. This compares to $325 million of expansionary capital expenditure recorded in the first half of 2018, which included $250 million paid in January 2018 in respect of the $300 million Aktogay NFC deferral (see note 13(c)); $62 million invested in Aktogay, mainly on the expansion project; and $9 million incurred on the Artemyevsky mine extension in the East Region. Please refer to the Operating review for an analysis of the Group's capital expenditure by operating segment.

Acquisition of the Baimskaya copper project

On 22 January 2019, the Group announced the Initial Completion of the acquisition of the Baimskaya copper project in the Chukotka region of Russia. The consideration due at Initial Completion was $675 million made up of $436 million in cash and 22.3 million new KAZ Minerals shares valued at $239 million, which were allotted to the Vendor. The Initial Cash Consideration of $436 million was settled during the first half of 2019, partly offset by $1 million of cash and cash equivalents on acquisition (see Investments below).

Net VAT (paid)/received associated with major growth projects

The net VAT paid of $12 million relates mainly to expenditure on the Aktogay expansion project. The VAT received of $3 million in the first half of 2018 relates to VAT previously incurred during the construction of Aktogay and Bozshakol.

Other investments

In the first half of 2019, other investing cash flows relates to the receipt of the remaining $45 million consideration in respect of NFC's equity investment in Koksay for $70 million, as announced in June 2018 (see Investments below).

Balance sheet

Equity attributable to owners of the Company at 30 June 2019 was $1,775 million (31 December 2018: $1,050 million), an increase of $725 million primarily due to profit for the period of $227 million and the shares issued and Deferred Consideration arising from the acquisition of the Baimskaya copper project of $464 million (see Investments below). There was also a $61 million increase in the US dollar value of the Group's foreign currency operations following a 1% increase in the value of the tenge between 31 December 2018 and 30 June 2019. The Group's mining assets are largely held within Kazakhstan-based entities which maintain the tenge as their functional currency. At period ends, non-monetary net assets are consolidated and reported in US dollars at the closing exchange rate with the change in value arising from movements in the tenge exchange rate reflected in equity and not through the income statement. The Group's external liabilities, principally bank debt, are mainly US dollar denominated and not affected by movements in the KZT/$ exchange rate.

Net debt

A summary of the Group's net debt position is shown below:

$ million	**At 30 June 2019**	At 31 December 2018
Cash and cash equivalents and current investments	**739**	1,469
Less restricted cash[1]	**–**	(2)
Borrowings	**(3,299)**	(3,453)
Net debt[2]	**(2,560)**	(1,986)

1 Cash at bank at 31 December 2018 of $2 million was restricted by legal or contractual arrangements. These amounts are excluded from the Group's measure of net debt.

2 APMs are used to assess the performance of the Group and are not defined or specified under IFRS. For further information on APMs, including justification for their use, please refer to the APMs section on page 49.

Cash and cash equivalents and current investments at 30 June 2019 totalled $739 million compared to $1,469 million at 31 December 2018 mainly due to the payment of $436 million of cash consideration for the acquisition of the Baimskaya copper project, expansionary and new project expenditure of $332 million, including amounts invested in the Aktogay expansion project, and repayment of the Group's debt of $272 million. This was partly offset by Free Cash Flow of $182 million and drawings made under the new DBK Aktogay expansion facility for $115 million, net of fees, during the first half of 2019.

On 14 June 2019, the Group signed a new $600 million credit facility agreement with DBK relating to the Aktogay expansion project. The facility accrues interest at US$ LIBOR plus 3.90% 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. $120 million of the new DBK Aktogay expansion facility was drawn by 30 June 2019. The facility is guaranteed by KAZ Minerals PLC.

To manage counterparty and liquidity risk, surplus funds within the Group are held predominantly in the UK, with funds held in Kazakhstan utilised mainly for working capital purposes. The funds within the UK are held primarily with major European and US financial institutions and triple-'A' rated liquidity funds. At 30 June 2019, $588 million of cash and cash equivalents and current investments were held in the UK and Europe and $151 million in Kazakhstan and Kyrgyzstan.

At 30 June 2019, borrowings (net of unamortised fees) were $3,299 million, a decrease of $154 million from 31 December 2018 mainly reflecting principal repayments on existing facilities of $272 million, comprised of $21 million on the pre-existing $300 million DBK Aktogay facility, $91 million paid under the CDB Bozshakol/Bozymchak finance facility, $6 million paid under the CDB Aktogay RMB facility, $54 million paid under the CDB Aktogay USD facility and $100 million paid in respect of the PXF, offset by the first drawdown of $115 million under the new DBK Aktogay expansion facility net of arrangement fees paid. The borrowings (net of unamortised fees) consisted of $1,255 million under the CDB Bozshakol/Bozymchak facilities, $1,273 million under the CDB Aktogay finance facilities, $400 million under the PXF, $256 million under the first DBK Aktogay facility and $115 million under the new DBK Aktogay expansion facility.

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

Investments

On 22 January 2019, the Group announced the Initial Completion of the acquisition of the Baimskaya copper project in the Chukotka region of Russia. The consideration due at Initial Completion was $675 million made up of $436 million in cash and 22.3 million new KAZ Minerals shares valued at $239 million, which were allotted to the Vendor. The 22.3 million shares are subject to a three-year lock-up period ending on the third anniversary of Initial Completion. Deferred Consideration of $225 million for the remaining interest is payable in 21.0 million shares, subject to the achievement of certain Project Delivery Conditions, including a pre-determined level of throughput and development of infrastructure by the Russian state. To the extent these conditions are not met or waived by the Group and therefore not settled in shares, the Deferred Consideration will become payable in cash on 31 March 2029.

The Initial Consideration of 22.3 million KAZ Minerals PLC shares valued at $239 million has been recognised as an increase in share capital of around $6 million and share premium of $233 million. The Deferred Consideration of $225 million has also been included within equity (see note 11(c) on page 43), representing the Group's ability to settle this amount through the issue of 21.0 million shares.

The total consideration for the acquisition was $900 million, of which around $880 million has been reflected as a mining licence within mining assets, $13 million in deferred tax assets and $7 million relating to other non-current assets, income taxes prepaid and cash and cash equivalents (see note 5 on page 39).

In July 2019, the Group transferred a 19.4% equity stake in KAZ Minerals Koksay B.V., the parent company of the entity which holds the Koksay mining licence in Kazakhstan, to NFC following completion of the transaction. The $70 million cash consideration, which had been received from NFC at 30 June 2019, was reflected as a current liability at the balance sheet date pending completion of the transaction. Following completion, NFC's interest in KAZ Minerals Koksay B.V. will be reflected as a non-controlling interest of around $58 million, being its share of Koksay's net assets, with the remaining amount recognised directly within equity and attributed to the Group's shareholders. The $70 million invested by NFC will be solely used for the development of Koksay, including a feasibility study, which will determine the detailed design for mining and processing operations and the associated capital budget. The Board will review the results of the feasibility study to assess how and when to proceed with the project.

Going concern

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.

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. In the event of a more severe downside of sustained lower than expected commodity prices coupled with lower than expected production, a relatively modest amount of additional liquidity may be required towards the end of the going concern period. The Board believes that such additional liquidity could be achieved through either the deferral of uncommitted capital investment or from new sources of finance and/or a refinance of existing debt facilities. Separately, the Group will be seeking to raise longer term financing in respect of the construction phase of the Baimskaya project. Accordingly, the Board is satisfied that it is appropriate to adopt the going concern basis of accounting in the preparation of these consolidated financial statements.

PRINCIPAL RISKS

Managing our risks

The significant risks identified by KAZ Minerals are those that could materially affect the Group's financial condition, performance, strategy and prospects. These risks, together with their potential impact and the mitigating actions being taken by management, are set out in the 2018 Annual Report and Accounts, which is available at www.kazminerals.com.

In the view of the Board, the principal risks contained in the 2018 Annual Report and Accounts continue to reflect the significant risks and uncertainties for the Group for the remaining six months of 2019. Taking into account the circumstances of the Group, the Board does not expect Brexit to have a significant impact on the Group.

There may be other risks unknown, or currently believed immaterial by the Group, 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 notice.

SUSTAINABILITY RISKS

Health and safety

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.

The Group is in a period of more intense construction activity in respect of the Aktogay expansion and Artemyevsky extension as well as the development of Baimskaya, increasing potential health and safety exposures.

Community and labour relations

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 could 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.

Employees

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.

Environmental

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, loss of life 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.

OPERATIONAL RISKS

Business interruption

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; information technology and cyber risks; 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.

New projects and commissioning

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.

There are various project risks associated with the successful development of the recently acquired Baimskaya copper project, including its remote location, the delivery of government support for infrastructure, obtaining certain tax incentives and local weather conditions.

Reserves and resources

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.

Political

The Group could be affected by political instability or social and economic changes in the countries in which it operates. This could include a change in government, 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. In March 2019 the long-standing president of Kazakhstan resigned, and a new president was elected in June 2019.

Following the acquisition of Baimskaya, the Group is exposed to political risks associated with operating in Russia, a new jurisdiction for the Group.

Further international sanctions on Russia could impact the development of Baimskaya, as well as the supply of certain goods and services to the Group's existing operations.

Legal and regulatory compliance

The Group is subject to various legal and regulatory requirements across all of its jurisdictions including subsoil usage rights in Kazakhstan, Kyrgyzstan and Russia and UK governance rules including related party transactions and anti-bribery and corruption. Legislation and taxation may be subject to change and uncertainty of interpretation, application and enforcement. In a number of jurisdictions around the world governments have been increasing taxation on resource companies.

Non-compliance with legislation could result in regulatory challenges, fines, litigation and ultimately the loss of operating licences. A number of the Group's operating subsidiaries in Kazakhstan are currently undergoing or expected to undergo routine tax audits which could give rise to additional tax assessments. Substantial payments of tax could arise for the Group, or tax receivable balances may not be recovered as expected.

FINANCIAL RISKS

Commodity price

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.

The imposition of trade tariffs between the US and China have negatively impacted the Chinese economy and its outlook. China is the largest market for copper and the trade tariffs have had a negative impact on copper prices during the first half of 2019 and their near-term outlook.

Foreign exchange and inflation

Fluctuations in rates of exchange or inflation in the jurisdictions to which the Group is exposed could result in future increased costs. The Group will be exposed to fluctuations in the Russian rouble, which may affect the capital cost associated with the development of Baimskaya.

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.

Exposure to China

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 $2.5 billion at 30 June 2019. In addition, the Group uses contractors, services and materials from China.

The imposition of trade tariffs between the US and China have negatively impacted the Chinese economy and its outlook. A slowdown in the Chinese economy could impact the availability of Chinese credit and its demand for commodities, both important to the Group.

Acquisitions and divestments

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 $900 million acquisition of the Baimskaya copper project represents a material acquisition for the Group. In July 2019 the Group completed the partial disposal of Koksay to NFC.

The 2014 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.

Liquidity

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. During the first half of 2019 the Group successfully completed a new $600 million loan facility with DBK for the expansion of Aktogay.

Baimskaya is a large-scale project and its development will require additional financing which will increase the debt levels of the Group.

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

DIRECTORS' RESPONSIBILITY STATEMENT

Each Director confirms to the best of his or her knowledge that this condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU and that the half-yearly report includes a fair review of the information required by:

- DTR 4.2.7R being an indication of important events that have occurred during the first six months of the financial year, and their impact on this condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- DTR 4.2.8R being material related party transactions that have taken place in the first six months of the current financial year and any material changes in the related party transactions described in the KAZ Minerals 2018 Annual Report and Accounts.

The Directors of KAZ Minerals PLC are listed on the Company's website at www.kazminerals.com.

ANDREW SOUTHAM
CHIEF EXECUTIVE OFFICER
14 August 2019

INDEPENDENT REVIEW REPORT TO KAZ MINERALS PLC

Conclusion

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2019 which comprises the consolidated statement of total comprehensive income, consolidated balance sheet, consolidated statement of cash flows, consolidated statement of changes in equity and the related explanatory notes 1 to 18.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2019 is not prepared, in all material respects, in accordance with IAS 34 '*Interim Financial Reporting*' as adopted by the EU and the Disclosure Guidance and Transparency Rules (the 'DTR') of the UK's Financial Conduct Authority ('the UK FCA').

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 '*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*' issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the half-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards as adopted by the EU. The Directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 as adopted by the EU.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.

Juliette Lowes

for and on behalf of KPMG LLP

Chartered Accountants
15 Canada Square,
Canary Wharf,
London
E14 5GL
14 August 2019

CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME (UNAUDITED)

Six months ended 30 June 2019

$ million (unless otherwise stated)	Notes	**Six months ended 30 June 2019**	Six months ended 30 June 2018
Revenues	4(b)	**1,052**	1,098
Cost of sales		**(533)**	(533)
Gross profit		**519**	565
Selling and distribution expenses		**(41)**	(45)
Administrative expenses		**(69)**	(58)
Net other operating income		**1**	2
Operating profit		**410**	464
Finance income		**11**	14
Finance costs	6	**(108)**	(123)
Net foreign exchange loss		**(24)**	–
Profit before tax		**289**	355
Income tax expense	7	**(62)**	(79)
Profit for the period		**227**	276
Attributable to:			
Equity holders of the Company		**227**	276
Non-controlling interests		**–**	–
		227	276
Other comprehensive income/(expense) for the period after tax:			
Items that may be reclassified subsequently to the income statement:			
Exchange differences on retranslation of foreign operations		**61**	(77)
Items that will never be reclassified to the income statement:			
Actuarial losses on employee benefits, net of tax		**(1)**	–
Other comprehensive income/(expense) for the period		**60**	(77)
Total comprehensive income for the period		**287**	199
Attributable to:			
Equity holders of the Company		**287**	200
Non-controlling interests		**–**	(1)
		287	199
Earnings per share attributable to equity shareholders of the Company			
Ordinary EPS and EPS based on Underlying Profit – basic ($)	8	**0.48**	0.62
Ordinary EPS and EPS based on Underlying Profit – diluted ($)	8	**0.47**	0.62

CONSOLIDATED BALANCE SHEET (UNAUDITED)

At 30 June 2019

$ million	Notes	At 30 June 2019	At 31 December 2018	At 30 June 2018
Assets				
Non-current assets				
Intangible assets		**6**	6	7
Property, plant and equipment		**2,380**	2,130	2,394
Mining assets	5	**1,382**	432	446
Other non-current assets	10	**355**	301	216
Deferred tax asset		**46**	28	62
		4,169	2,897	3,125
Current assets				
Inventories		**519**	439	421
Prepayments and other current assets		**128**	90	89
Income taxes prepaid		**11**	18	17
Trade and other receivables		**128**	127	143
Current investments	14(c)	**–**	250	–
Cash and cash equivalents	14(b)	**739**	1,219	1,653
		1,525	2,143	2,323
Total assets		**5,694**	5,040	5,448
Equity and liabilities				
Equity				
Share capital	11(a)	**177**	171	171
Share premium	5	**2,883**	2,650	2,650
Capital reserves	11(c)	**(2,171)**	(2,457)	(2,105)
Retained earnings		**886**	686	480
Attributable to equity holders of the Company		**1,775**	1,050	1,196
Non-controlling interests		**1**	4	2
Total equity		**1,776**	1,054	1,198
Non-current liabilities				
Borrowings	12	**2,759**	2,914	3,187
Deferred tax liability		**94**	76	92
Employee benefits		**14**	12	13
Provision for closure and site restoration		**73**	58	64
Other non-current liabilities	13	**7**	7	7
		2,947	3,067	3,363
Current liabilities				
Trade and other payables		**332**	320	304
Borrowings	12	**540**	539	518
Income taxes payable		**24**	11	12
Employee benefits		**2**	2	2
Provision for closure and site restoration		**1**	1	–
Other current liabilities	13	**72**	46	51
		971	919	887
Total liabilities		**3,918**	3,986	4,250
Total equity and liabilities		**5,694**	5,040	5,448

These condensed consolidated financial statements were approved by the Board of Directors on 14 August 2019.

CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

Six months ended 30 June 2019

$ million	Notes	**Six months ended 30 June 2019**	Six months ended 30 June 2018
Operating activities			
Cash receipts from customers		**1,025**	1,099
Net proceeds from historical VAT related to construction		**–**	3
Cash payments to employees, suppliers and taxes other than income tax		**(643)**	(580)
Cash flows from operations before interest and income taxes paid	14(a)	**382**	522
Interest paid		**(117)**	(112)
Income taxes paid		**(29)**	(60)
Net cash flows from operating activities		**236**	350
Investing activities			
Interest received		**12**	14
Advance consideration for investment in Koksay	5	**45**	–
Proceeds from disposal of property, plant and equipment and mining assets		**1**	–
Purchase of intangible assets		**(1)**	(1)
Acquisition of Baimskaya copper project, net of cash acquired	5	**(435)**	–
Purchase of property, plant and equipment		**(352)**	(340)
Investments in mining assets		**(45)**	(23)
Licence payments for subsoil contracts		**(1)**	(1)
Net redemption of current investments	14(c)	**250**	–
Net cash flows used in investing activities		**(526)**	(351)
Financing activities			
Proceeds from borrowings	14(c)	**115**	–
Repayment of borrowings	14(c)	**(272)**	(173)
Dividends paid by the Company	9(a)	**(28)**	–
Net cash flows used in financing activities		**(185)**	(173)
Net decrease in cash and cash equivalents	14(c)	**(475)**	(174)
Cash and cash equivalents at the beginning of the period		**1,219**	1,821
Effect of exchange rate changes on cash and cash equivalents	14(c)	**(5)**	6
Cash and cash equivalents at the end of the period	14(b)	**739**	1,653

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

Six months ended 30 June 2019

		Attributable to equity holders of the Company						
$ million	Notes	Share capital	Share premium	Capital reserves[1]	Retained earnings	Total	Non-controlling interests	Total equity
At 1 January 2019		**171**	**2,650**	**(2,457)**	**686**	**1,050**	**4**	**1,054**
Profit for the period		**–**	**–**	**–**	**227**	**227**	**–**	**227**
Exchange differences on retranslation of foreign operations		**–**	**–**	**61**	**–**	**61**	**–**	**61**
Actuarial losses on employee benefits, net of tax		**–**	**–**	**–**	**(1)**	**(1)**	**–**	**(1)**
Total comprehensive income for the period		**–**	**–**	**61**	**226**	**287**	**–**	**287**
Dividends declared	9	**–**	**–**	**–**	**(28)**	**(28)**	**(3)**	**(31)**
Shares issued and Deferred Consideration arising from acquisition of the Baimskaya copper project	5	**6**	**233**	**225**	**–**	**464**	**–**	**464**
Share-based payments, net of taxes		**–**	**–**	**–**	**2**	**2**	**–**	**2**
At 30 June 2019		**177**	**2,883**	**(2,171)**	**886**	**1,775**	**1**	**1,776**
At 1 January 2018		171	2,650	(2,029)	203	995	3	998
Profit for the period		–	–	–	276	276	–	276
Exchange differences on retranslation of foreign operations		–	–	(76)	–	(76)	(1)	(77)
Total comprehensive income/(expense) for the period		–	–	(76)	276	200	(1)	199
Share-based payments, net of taxes		–	–	–	1	1	–	1
At 30 June 2018		171	2,650	(2,105)	480	1,196	2	1,198

1 See 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 as set out below.

The Group operates in the natural resources industry through five divisions, the principal activities of which during the first half of 2019 were:

Operating division	Principal activity	Primary countries of operations
Aktogay	Mining and processing of copper and other metals	Kazakhstan
Bozshakol	Mining and processing of copper and other metals	Kazakhstan
East Region[1]	Mining and processing of copper and other metals	Kazakhstan
Bozymchak[1]	Mining and processing of copper and other metals	Kyrgyzstan
Mining Projects	Development of greenfield metal deposits	Kazakhstan and Russia

1 The East Region and Bozymchak are separate divisions but have been combined for segmental reporting purposes.

These condensed consolidated financial statements for the six months ended 30 June 2019 were authorised for issue in accordance with a resolution of the Board on 14 August 2019. The condensed consolidated financial statements are unaudited and do not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The information for the year ended 31 December 2018 included in this report was derived from the statutory accounts for that year, which were prepared in accordance with International Financial Reporting Standards ('IFRSs') issued by the International Accounting Standards Board ('IASB') and interpretations issued by the International Financial Reporting Interpretations Committee ('IFRIC') of the IASB, as adopted by the EU up to 31 December 2018, a copy of which has been delivered to the Registrar of Companies. The auditor's opinion in relation to those accounts was unqualified, did not draw attention to any matters by way of emphasis and also did not contain a statement under Section 498(2) or 498(3) of the Companies Act 2006.

2. Basis of preparation

(a) Condensed consolidated financial statements

The unaudited condensed consolidated financial statements for the six month period ended 30 June 2019 have been prepared in accordance with IAS 34 *'Interim Financial Reporting'* and the requirements of the DTR in the United Kingdom as applicable to interim financial reporting. These condensed consolidated financial statements represent a 'condensed set of financial statements' as referred to in the DTR. Accordingly, they do not include all the information and disclosures required for full annual financial statements, and should be read in conjunction with the Annual Report and Accounts for the year ended 31 December 2018.

(b) Significant accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, 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 condensed consolidated financial statements.

Estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant, but 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.

In preparing these condensed consolidated financial statements, significant judgements made by the Directors in applying the Group's accounting policies and the key sources of estimation uncertainty used were consistent, in all material respects, with those applied to the Group's consolidated financial statements for the year ended 31 December 2018.

Impairment of assets

Significant accounting judgements

Consistent with the approach taken for the year ended 31 December 2018, the Directors reviewed the carrying value of the Group's assets to determine whether there were 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 ('CGU') 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. For the purpose of 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 $6,700/t.

An assessment of the key external and internal factors affecting the Group and its CGUs at 30 June 2019 did not identify any indicators of impairment or reversal thereof.

Key sources of estimation uncertainty

The preparation of discounted future cash flows used for impairment reviews where indicators are identified, 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 revisions to cash flows due to changes in the factors listed above, principally commodity prices, beyond what is considered as reasonably possible, could impact the recoverable amount of the assets. Changes to commodity prices within a reasonably possible range are not expected to significantly impact the carrying value of the Group's Kazakhstan CGU's. As a sensitivity at Bozymchak, a 5% reduction in the forecast copper prices could result in the carrying value exceeding its recoverable amount by around $6 million. This is a simple sensitivity on copper prices in isolation and does not consider any actions which management would take to mitigate the impact of a fall in commodity prices. Additionally, a 1% increase in the discount rate is not expected to result in any material impairment.

Acquisition of the Baimskaya copper project

Significant accounting judgements

In assessing the accounting for the acquisition of Baimskaya, consideration was given to whether the copper project consisted of an integrated set of inputs and processes (as defined under IFRS 3 *'Business Combinations'*) that could be used to generate an output. As the copper project is in the exploration stage prior to feasibility, the work undertaken to date was considered to be an assessment of its inputs rather than the existence of inputs and processes capable of generating an output. As such, the acquisition was judged to be an asset and not a business as defined under IFRS 3, with the majority of the value paid being shown as a mining licence within mining assets.

(c) Going concern

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.

In June 2019 the Group completed a new $600 million financing facility for the Aktogay expansion, of which $120 million was drawn. At 30 June 2019, the Group's net debt was $2,560 million with gross debt of $3,299 million and gross liquid funds of $739 million. The gross debt facilities, net of unamortised debt costs, consist of:

- $1,255 million of the CDB-Bozshakol and Bozymchak facilities, which amortise over the period to 2025;
- $1,273 million of the CDB-Aktogay US dollar and RMB facilities, which amortise over the period to 2029;
- $400 million of the PXF facility which amortises over the period to June 2021;
- $256 million of the DBK Aktogay facility, which amortises over the period to June 2025; and
- $115 million of the DBK Aktogay expansion facility, which amortises over the period from 2022 to 2034. The remaining $480 million of the committed facility is expected to be drawn prior to September 2020.

The Board has considered the Group's cash flow forecasts for the period to 30 September 2020 including the outlook for commodity prices, production levels from the Group's operations, its future capital requirements, including the planned expansion of Aktogay and the acquisition and an initial investment in the Baimskaya project, and the principal repayments of around $750 million 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.

In the event of a more severe downside of sustained lower than expected commodity prices coupled with lower than expected production, a relatively modest amount of additional liquidity may be required towards the end of the going concern period. The Board believes that such additional liquidity could be achieved through either the deferral of uncommitted capital investment or from new sources of finance and/or a refinance of existing debt facilities. Separately, the Group will be seeking to raise longer term financing in respect of the construction phase of the Baimskaya project.

Accordingly, the Board is satisfied that it is appropriate to adopt the going concern basis of accounting in the preparation of these consolidated financial statements.

3. Summary of significant accounting policies

(a) Basis of accounting

The condensed consolidated financial statements have been prepared on a historical cost basis, except for metal-related trade receivables and derivative financial instruments which have been measured at fair value. The condensed 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 condensed 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 2018, except as described below.

None of the new standards or 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 condensed consolidated financial statements, the Group has adopted all the applicable extant accounting standards issued by the IASB and all the applicable extant interpretations issued by the IFRIC and adopted by the EU up to 30 June 2019.

The following accounting standards, amendments and interpretations, which had no significant impact on these condensed consolidated financial statements, became effective in the current reporting period as adopted by the EU through the European Financial Reporting Advisory Group ('EFRAG'):

Leases

On 1 January 2019, the Group adopted IFRS 16 '*Leases*' using the 'modified retrospective approach', which did not result in a classification or measurement adjustment to retained earnings on transition or a restatement of comparative information. The standard changes the identification of leases and how they will be recognised, measured and disclosed by lessees, requiring the recognition of a right-of-use asset and liability for the future lease payments on the balance sheet. The standard requires the right-of-use asset to be depreciated over the duration of the lease term and shown within operating profit in the income statement, with the interest cost associated with the financing of the asset included within interest expense. In applying the transition requirements and provisions of the new standard, the Group reviewed its lease contracts, which mainly relate to leased office buildings and payments for land, and the right-of-use asset and related liability was found to be immaterial. The standard does not apply to leases to explore for or use natural resources, such as mining licences and rights.

The Group has elected not to recognise right-of-use assets and lease liabilities for leases which have low value, or short-term leases with a duration of 12 months or less. The payments associated with such leases are charged directly to the income statement on a straight-line basis over the lease term.

In assessing the application of IFRS 16, the Group considered the following practical expedients:

- the previous determination of whether a contract is, or contains, a lease pursuant to IAS 17 *'Leases'* and IFRIC 4 *'Determining whether an Arrangement contains a Lease'* has been maintained for existing contracts;
- right-of-use assets or lease liabilities for leases where the lease term ends within 12 months of the date of initial application have not been recognised;
- initial direct costs from right-of-use assets have been excluded; and

- hindsight was used when assessing the lease term.

Borrowing costs

On 1 January 2019, the Group adopted '*Borrowing costs eligible for capitalisation (Amendments to IAS 23)*' which requires that project specific borrowings are included as general borrowings once those assets are operating as intended and therefore the associated interest will become available for capitalisation on other 'qualifying assets'. In 2019 this amendment brought the CDB Bozshakol and Bozymchak, the CDB Aktogay, and the first DBK Aktogay loan borrowed specifically for the construction of the respective capital projects into general borrowings. The interest on these loans is included in the capitalisation rate applied to expenditures on qualifying capital projects such as the expansion of Aktogay. In the six months to 30 June 2019, interest costs were capitalised to the Aktogay expansion at an average interest rate of 7.1% (see note 6).

Income tax

IFRIC 23 '*Uncertainty over Income Tax Treatments*' clarified that income tax and deferred tax assets and liabilities should be measured reflecting the uncertainty of any positions adopted under IAS 12 '*Income Taxes*', where acceptance of such position by the tax authorities is considered as less than probable. The application of this interpretation had no significant impact on the amounts reported in the Group's condensed consolidated financial statements.

(b) Exchange rates

The following foreign exchange rates against the US dollar have been used in the preparation of the condensed consolidated financial statements:

	30 June 2019		31 December 2018		30 June 2018	
$ million	**Spot**	**Average**	Spot	Average	Spot	Average
Kazakhstan tenge	**380.53**	**379.14**	384.20	344.71	341.08	326.49
Kyrgyzstan som	**69.49**	**69.79**	69.85	68.84	68.18	68.50
UK pounds sterling	**0.79**	**0.77**	0.78	0.75	0.76	0.73
Russian rouble	**63.08**	**65.23**	n/a	n/a	n/a	n/a

In the six months to 30 June 2019, the appreciation of the tenge at the spot rate resulted in a non-cash foreign exchange gain of $61 million (H1 2018: non-cash foreign exchange loss of $77 million) recognised directly within reserves, arising from the translation on consolidation of the Group's Kazakhstan based subsidiaries whose functional currency is the tenge.

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*'. The East Region and Bozymchak segments are presented on a combined basis.

The Group's operating segments are:

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 with some concentrate toll refined at the Balkhash smelter (a related party) and the cathode output sold to third parties. The smaller oxide plant was commissioned in the fourth quarter of 2015 and produces copper cathode. The oxide plant is included in the Aktogay operating segment due to the sharing of infrastructure, its relatively small size and to reflect the Group's management structure. An expansion of the sulphide processing facilities at Aktogay was announced in December 2017, which is expected to double its sulphide ore processing capacity by the end of 2021.

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 and clay concentrators were commissioned in February 2016 and in the fourth quarter of 2016 respectively. Some concentrate from both plants is also toll refined at the Balkhash smelter (a related party) with the output of copper, gold and silver sold to third parties. The clay plant is included in the Bozshakol operating segment due to the sharing of infrastructure and mining pit, its relatively small size and to reflect the Group's management structure.

East Region and Bozymchak

The East Region and Bozymchak operations are shown as one operating segment consisting 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. Bozymchak is combined with the East Region operations, given the similarity of their economic characteristics and concentrate production processes, and as their combined output is toll processed at the Balkhash smelter and subsequently sold to the Group's customers.

Mining Projects

The Group's mining projects consist of companies which are responsible for the assessment and development of greenfield metal deposits. The segment includes the Koksay deposit in Kazakhstan and the Baimskaya licence area in the Chukotka region of Russia. Both of these projects are at the feasibility study stage.

Managing and measuring operating segments

The key performance measure which the Directors use internally to assess the performance of the operating segments is EBITDA. Refer to the APMs section on page 49 for further details.

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

Segmental information is also provided in respect of revenues, by destination and by product.

(a) Operating segments

(i) Income statement information

$ million	Aktogay	Bozshakol	East Region and Bozymchak	Corporate Services	Total
					Six months ended 30 June 2019
Revenues	**429**	**372**	**251**	**–**	**1,052**
EBITDA	**282**	**240**	**108**	**(10)**	**620**
Less: depreciation, depletion and amortisation[1]	**(52)**	**(46)**	**(20)**	**(1)**	**(119)**
Less: MET and royalties[1,2]	**(39)**	**(30)**	**(22)**	**–**	**(91)**
Operating profit/(loss)	**191**	**164**	**66**	**(11)**	**410**
Net finance costs and foreign exchange loss					**(121)**
Income tax expense					**(62)**
Profit for the period					**227**

$ million	Aktogay	Bozshakol	East Region and Bozymchak	Corporate Services	Total
					Six months ended 30 June 2018
Revenues	389	388	321	–	1,098
EBITDA	271	277	155	(13)	690
Less: depreciation, depletion and amortisation[1]	(60)	(44)	(23)	(1)	(128)
Less: MET and royalties[1,2]	(34)	(36)	(28)	–	(98)
Operating profit/(loss)	177	197	104	(14)	464
Net finance costs and foreign exchange loss					(109)
Income tax expense					(79)
Profit for the period					276

1 Depreciation, depletion and amortisation and MET and royalties exclude the costs associated with inventories on the balance sheet.
2 MET and royalties have been excluded from 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.

(ii) Balance sheet information

$ million	Aktogay	Bozshakol	East Region and Bozymchak	Mining Projects Baimskaya	Mining Projects Koksay	Corporate Services[4]	Total
							At 30 June 2019
Assets							
Non-current assets[1]	**1,458**	**1,125**	**360**	**938**	**239**	**6,215**	**10,335**
Current assets excluding cash and cash equivalents and current investments[2]	**320**	**268**	**209**	**6**	**–**	**1,872**	**2,675**
Cash and cash equivalents and current investments	**97**	**18**	**49**	**–**	**68**	**507**	**739**
Segment assets	**1,875**	**1,411**	**618**	**944**	**307**	**8,594**	**13,749**
Taxes receivable							**57**
Elimination							**(8,112)**
Total assets							**5,694**
Liabilities							
Non-current liabilities	**13**	**10**	**68**	**–**	**3**	**–**	**94**
Inter-segment borrowings	**833**	**867**	**123**	**41**	**–**	**–**	**1,864**
Current liabilities[3]	**127**	**59**	**91**	**5**	**71**	**90**	**443**
Segment liabilities	**973**	**936**	**282**	**46**	**74**	**90**	**2,401**
Borrowings							**3,299**
Taxes payable							**118**
Elimination							**(1,900)**
Total liabilities							**3,918**

$ million	Aktogay	Bozshakol	East Region and Bozymchak	Mining Projects	Corporate Services[4]	Total
						At 31 December 2018
Assets						
Non-current assets[1]	1,178	1,104	335	236	5,325	8,178
Current assets excluding cash and cash equivalents and current investments[2]	255	258	1,944	–	1,746	4,203
Cash and cash equivalents and current investments	55	7	12	25	1,370	1,469
Segment assets	1,488	1,369	2,291	261	8,441	13,850
Taxes receivable						46
Elimination						(8,856)
Total assets						5,040
Liabilities						
Non-current liabilities	9	6	59	3	–	77
Inter-segment borrowings	676	941	121	–	–	1,738
Current liabilities[3]	94	99	68	25	1,892	2,178
Segment liabilities	779	1,046	248	28	1,892	3,993
Borrowings						3,453
Taxes payable						87
Elimination						(3,547)
Total liabilities						3,986

$ million	Aktogay	Bozshakol	East Region and Bozymchak	Mining Projects	Corporate Services[4]	Total
						At 30 June 2018
Assets						
Non-current assets[1]	1,174	1,282	364	241	5,326	8,387
Current assets excluding cash and cash equivalents[2]	255	229	185	–	1,889	2,558
Cash and cash equivalents	40	4	10	1	1,598	1,653
Segment assets	1,469	1,515	559	242	8,813	12,598
Taxes receivable						79
Elimination						(7,229)
Total assets						5,448
Liabilities						
Non-current liabilities	6	7	68	3	–	84
Inter-segment borrowings	683	1,061	139	–	–	1,883
Current liabilities[3]	122	97	70	–	90	379
Segment liabilities	811	1,165	277	3	90	2,346
Borrowings						3,705
Taxes payable						104
Elimination						(1,905)
Total liabilities						4,250

1 Non-current assets includes property, plant and equipment, mining assets and intangible assets which are located in the principal country of operations of each operating segment. The Aktogay and Bozshakol segments principally operate in Kazakhstan. The East Region and Bozymchak segment includes property, plant and equipment, mining assets and intangible assets of $277 million relating to the East Region assets located in Kazakhstan and $53 million of Bozymchak assets located in Kyrgyzstan (31 December 2018: $253 million and $55 million respectively; 30 June 2018: $272 million and $62 million respectively). Within the Mining Projects segment, Baimskaya is located in Russia and Koksay is located in Kazakhstan. Additionally, included within non-current assets is long-term stockpiled ore of $129 million (31 December 2018: $111 million; 30 June 2018: $127 million) at Bozshakol and $25 million (31 December 2018: $15 million; 30 June 2018: $nil) at Aktogay.
2 Current assets excluding cash and cash equivalents and current investments comprise inventories, prepayments and other current assets and trade and other receivables, including intragroup non-financing receivables.
3 Current liabilities comprise trade and other payables, including intragroup non-financing related payables, and other current liabilities including provisions.
4 Corporate Services non-current assets include $6,212 million of intra-group investments while current assets includes $1,864 million of inter-segment loans and receivables, which are eliminated within total assets (31 December 2018: $5,309 million and $1,738 million respectively; 30 June 2018: $5,324 million and $1,883 million respectively).

(iii) Capital expenditure[1]

$ million	Aktogay[3]	Bozshakol[4]	East Region and Bozymchak	Mining Projects: Baimskaya[5]	Mining Projects: Koksay	Corporate Services	Total
							Six months ended 30 June 2019
Property, plant and equipment[2]	**275**	**61**	**16**	**–**	**–**	**–**	**352**
Mining assets[2]	**1**	**1**	**18**	**458**	**2**	**–**	**480**
Intangible assets	**–**	**–**	**1**	**–**	**–**	**–**	**1**
Capital expenditure	**276**	**62**	**35**	**458**	**2**	**–**	**833**

$ million	Aktogay[3]	Bozshakol	East Region and Bozymchak	Mining Projects	Corporate Services	Total
						Six months ended 30 June 2018
Property, plant and equipment[2]	320	12	8	–	–	340
Mining assets[2]	–	3	20	–	–	23
Intangible assets	1	–	–	–	–	1
Capital expenditure	321	15	28	–	–	364

1 The capital expenditure presented by operating segment reflects cash paid and is aligned with the Group's internal capital expenditure reporting.
2 Capital expenditure includes non-current advances paid for items of property, plant and equipment and mining assets.
3 Capital expenditure for Aktogay in the first half of 2019 includes the final $19 million (H1 2018: $250 million) settled in respect of the $300 million NFC deferral (see note 13(c)).
4 Capital expenditure for Bozshakol includes $37 million for the payment of final retentions relating to the construction of the sulphide and clay plant.
5 Capital expenditure for Baimskaya includes $436 million paid on 22 January 2019 to acquire the asset (see note 5).

(b) Information in respect of revenues

Revenues by product to third parties are as follows:

	Six months ended 30 June 2019			
$ million	Aktogay	Bozshakol	East Region and Bozymchak	Total
Copper cathodes	200	30	170	400
Copper in concentrate	221	228	–	449
Zinc in concentrate	–	–	31	31
Gold	3	37	33	73
Gold in concentrate	–	70	–	70
Silver	1	1	15	17
Silver in concentrate	4	4	–	8
Other revenues including other by-products	–	2	2	4
	429	372	251	1,052

	Six months ended 30 June 2018			
$ million	Aktogay	Bozshakol	East Region and Bozymchak	Total
Copper cathodes	105	31	206	342
Copper in concentrate	281	279	–	560
Zinc in concentrate	–	–	60	60
Gold	–	–	33	33
Gold in concentrate	–	72	–	72
Silver	1	1	17	19
Silver in concentrate	2	5	–	7
Other revenues including other by-products	–	–	5	5
	389	388	321	1,098

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 gold and 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 30 June, the Group's provisionally priced volumes and their respective average provisional price were as follows:

	At 30 June 2019		At 30 June 2018	
	Provisionally priced volumes	Weighted average provisional price	Provisionally priced volumes	Weighted average provisional price
Copper cathodes	7 kt	6,077 $/t	1 kt	6,864 $/t
Copper in concentrate[1]	27 kt	5,431 $/t	29 kt	6,284 $/t
Zinc in concentrate[1]	5 kt	2,135 $/t	4 kt	2,334 $/t
Gold in concentrate[1]	16 koz	1,286 $/oz	13 koz	1,320 $/oz
Silver in concentrate[1]	141 koz	14 $/oz	63 koz	17 $/oz

1 Payable metal in concentrate. Typically priced after deduction of a processing charge.

The final prices for the provisionally priced volumes shown above will be determined during the quarter after the period end. At 30 June 2019, sales contracts which had not been finally priced were marked to market to reflect the expected settlement price based on the appropriate forward metal price (typically one month for copper cathode and zinc concentrate and two months for copper concentrate including by-products). This adjustment decreased revenue by less than $1 million (30 June 2018: $9 million decrease). The cumulative commodity pricing adjustments recorded during the first half of 2019 between the final price and the forward price at the expected settlement date, at the time of the sale, resulted in a $4 million increase which is included within revenue.

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

	Six months ended 30 June 2019			
$ million	Aktogay	Bozshakol	East Region and Bozymchak	Total
China	403	200	143	746
Europe	23	135	61	219
Kazakhstan and Central Asia	3	37	47	87
	429	372	251	1,052

			Six months ended 30 June 2018	
$ million	Aktogay	Bozshakol	East Region and Bozymchak	Total
China	303	280	140	723
Europe	86	108	116	310
Kazakhstan and Central Asia	–	–	65	65
	389	388	321	1,098

The Group's copper concentrate sales and certain cathode and zinc sales have been contracted to Advaita Trade Private Limited ('Advaita'). Advaita is a metals trading group with significant experience in marketing metals the Group produces into Europe and China. Sales from all the Group's segments to Advaita comprise 87% ($919 million) of revenues (H1 2018: 85% or $938 million). The risk arising from the concentration of revenue to one customer is managed through the Group's financial risk management policies requiring sale of metal to be made either on receipt of cash prior to delivery, on delivery, or through letters of credit which are received from the customer's bank depending on when the transfer of title of the goods takes place.

5. Acquisition of the Baimskaya copper project and part disposal of Koksay

Baimskaya copper project

On 22 January 2019, the Group announced the Initial Completion of the acquisition of the Baimskaya copper project in the Chukotka region of Russia. The consideration due at Initial Completion was $675 million made up of $436 million in cash and 22.3 million new KAZ Minerals shares valued at $239 million, which were allotted to the Vendor. The 22.3 million shares are subject to a three-year lock-up period ending on the third anniversary of Initial Completion. Deferred Consideration of $225 million for the remaining interest is payable in 21.0 million shares, subject to the achievement of certain Project Delivery Conditions, including a pre-determined level of throughput and development of infrastructure by the Russian state. To the extent these conditions are not met or waived by the Group and therefore not settled in shares, the Deferred Consideration will become payable in cash on 31 March 2029.

As part of the consideration is settled in shares, the transaction falls within the scope of IFRS 2 *'Share-based Payment'*. The Initial Consideration of 22.3 million KAZ Minerals PLC shares valued at $239 million has been recognised as an increase in share capital of around $6 million and share premium of $233 million. The Deferred Consideration of $225 million has also been included within equity (see note 11(c)), representing the Group's ability to settle this amount through the issue of 21.0 million shares. The Group obtained a 75% equity stake in the project on Initial Completion, however no non-controlling interest is recognised as the remaining 25% will be purchased through Deferred Consideration.

The total consideration for the acquisition was $900 million, of which around $880 million has been reflected as a mining licence within mining assets, $13 million in deferred tax assets and $7 million relating to other non-current assets, income taxes prepaid and cash and cash equivalents ($1 million). Other long-term advances of $15 million, relating to amounts transferred to the Baimskaya project for study costs, ahead of Initial Completion, were also reclassified to mining assets (see note 10).

Koksay

On 8 June 2018, KAZ Minerals announced an agreement for NFC to invest $70 million for a 19.4% equity stake in the Group's Koksay project. In July 2019, the Group transferred a 19.4% equity stake in KAZ Minerals Koksay B.V., the parent company of the entity which holds the Koksay mining licence in Kazakhstan, to NFC following completion of the transaction. The $70 million cash consideration (including $25 million received in December 2018) was reflected as a current liability at the balance sheet date pending completion of the transaction (see note 13(a)). Following completion, NFC's interest in KAZ Minerals Koksay B.V. will be reflected as a non-controlling interest of around $58 million, being its share of Koksay's net assets, with the remaining amount recognised directly within equity and attributed to the Group's shareholders. The $70 million invested by NFC will be solely used for the development of Koksay, including a feasibility study, which will determine the detailed design for mining and processing operations and the associated capital budget. The Board will review the results of the feasibility study to assess how and when to proceed with the project.

6. Finance costs

$ million	**Six months ended 30 June 2019**	Six months ended 30 June 2018
Interest expense	**105**	119
Total interest expense	**117**	119
Less: amounts capitalised to the cost of qualifying assets[1]	**(12)**	–
Interest on employee obligations	**1**	1
Unwinding of discount on provisions and other liabilities	**2**	2
Fair value losses on debt related derivative financial instruments	**–**	1
	108	123

1 In the first half of 2019, the Group capitalised to the cost of the Aktogay expansion project $12 million (H1 2018: $nil) of general borrowings costs at an average rate of interest of 7.1%. The interest cost on borrowings capitalised to qualifying assets is deductible for tax purposes against income in the current period. The interest capitalised to the Aktogay expansion project was calculated on interest incurred on all borrowings outstanding during the period, which are regarded as general borrowings for Group reporting purposes.

Further information relating to finance costs is in the Financial review on page 17.

7. Income tax expense

Major components of income tax expense are:

$ million	**Six months ended 30 June 2019**	Six months ended 30 June 2018
Current income tax		
Corporate income tax – current period (UK)	**–**	2
Corporate income tax – current period (overseas)	**48**	50
Corporate income tax – prior periods (overseas)	**1**	1
	49	53
Deferred income tax		
Corporate income tax – current period temporary differences	**13**	21
Corporate income tax – prior periods temporary differences	**–**	5
	13	26
	62	79

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	**Six months ended 30 June 2019**	Six months ended 30 June 2018
Profit before tax	**289**	355
At UK statutory income tax rate of 19.0%	**55**	67
Underprovided in prior periods – current income tax	**1**	1
Underprovided in prior periods – deferred income tax	**–**	5
Unrecognised tax losses	**–**	5
Tax effect of non-deductible items:		
Transfer pricing	**1**	–
Other non-deductible expenses	**5**	1
	62	79

Corporate income tax ('CIT') is calculated at 19.0% (H1 2018: 19.0%) of the assessable profit for the period for the Company and its UK subsidiaries and 20.0% for the operating subsidiaries in Kazakhstan (H1 2018: 20.0%) and Russia. 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.

Historical tax years relating to various companies within the Group remain open for tax audits. The tax authorities in Kazakhstan are able to raise additional tax assessments for five years after the end of the relevant tax period.

8. Earnings per share

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

$ million (unless otherwise stated)	**Six months ended 30 June 2019**	Six months ended 30 June 2018
Underlying Profit[1] and net profit attributable to equity shareholders of the Company	**227**	276
Weighted average number of ordinary shares of 20 pence each for EPS calculation – basic	**468,304,900**	446,841,285
Potential dilutive ordinary shares, weighted for the period outstanding	**18,572,352**	–
Weighted average number of ordinary shares of 20 pence each for EPS calculation – diluted	**486,877,252**	446,841,285
Ordinary EPS and EPS based on Underlying Profit[1] – basic ($)	**0.48**	0.62
Ordinary EPS and EPS based on Underlying Profit[1] – diluted ($)	**0.47**	0.62

1 APMs are used to assess the performance of the Group and are not defined or specified under IFRS. For further information on APMs, including justification for their use, please refer to the APMs section on page 49.

Basic EPS (both Ordinary EPS and EPS based on Underlying Profit) is calculated by dividing profit or Underlying Profit for the period attributable to equity shareholders of the Company by the weighted average number of ordinary shares of 20 pence each outstanding during the period. 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.

For the purposes of calculating diluted EPS, it is assumed that the Deferred Consideration arising on the acquisition of the Baimskaya copper project (see note 5) will be settled in 21.0 million shares, reflecting the Group's ability to waive the Project Delivery Conditions that are not met and settle in shares.

The resulting 21,009,973 potential ordinary shares have been weighted for the period outstanding from 22 January 2019 to 30 June 2019, providing an additional 18,572,352 shares included in the calculation of diluted EPS. To the extent these conditions are not met or waived by the Group and therefore not settled in shares, the Deferred Consideration will become payable in cash on 31 March 2029.

9. Dividends

(a) Dividends paid

The dividends paid during the six months ended 30 June 2019 are as follows:

	Per share US cents	Amount $ million
Six months ended 30 June 2019		
Final dividend in respect of year ended 31 December 2018	**6.0**	**28**

The final dividend of $28 million in respect of the year ended 31 December 2018 was paid on 17 May 2019 to shareholders on the register as at 23 April 2019, including the new shares issued in January 2019 as part settlement of the acquisition of the Baimskaya copper project (see notes 5 and 11(a)).

(b) Dividends declared after the balance sheet date

	Per share US cents	Amount $ million
Declared by the Directors on 14 August 2019 (not recognised as a liability at 30 June 2019)		
Interim dividend in respect of the half year ended 30 June 2019	**4.0**	**19**

There were no dividends paid nor declared during the six months ended 30 June 2018.

10. Other non-current assets

$ million	At 30 June 2019	At 31 December 2018	At 30 June 2018
Advances paid for property, plant and equipment and mining assets	**187**	147	52
Non-current VAT receivable[1]	**12**	11	36
Non-current inventories[2]	**154**	127	127
Long-term bank deposits[3]	**3**	3	3
Other long-term advances[4]	**–**	15	–
Gross value of other non-current assets	**356**	303	218
Provision for impairment	**(1)**	(2)	(2)
	355	301	216

1 Comprises VAT incurred at Bozymchak 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.
4 Other long-term advances of $15 million at 31 December 2018 relates to amounts transferred to the Baimskaya project for study costs which were reclassified to mining assets on Initial Completion of the acquisition of the Baimskaya copper project (see note 5).

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 2018, 30 June 2018 and 1 January 2019	458,379,033	92	171
Shares issued	**22,344,944**	**4**	**6**
At 30 June 2019	**480,723,977**	**96**	**177**

On 22 January 2019, the Company issued 22,344,944 KAZ Minerals PLC shares allotted as part of the Initial Consideration for the Baimskaya copper project (see note 5). The issued share capital was fully paid.

(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 'Trust'). The cost of shares purchased by the Trust is charged against retained earnings as treasury shares. The Trust has waived the right to receive dividends on these shares. In the six months ended 30 June 2019, the Company made no purchases through the Trust in anticipation of satisfying future awards (H1 2018: no purchases). No shares were transferred out of the Trust in settlement of share awards granted to employees that were exercised during the period (H1 2018: none). Following approval from shareholders, shares held in treasury will be used to settle future awards.

At 30 June 2019, the Group, through the Trust, owned 5,162 shares in the Company (31 December 2018: 5,162; 30 June 2018: 19,727) with a market value of $40 thousand (31 December 2018: $35 thousand; 30 June 2018: $0.2 million), and a cost of $79 thousand (31 December 2018: $79 thousand; 30 June 2018: $0.1 million). The shares held by the Trust represented less than 0.01% (31 December 2018 and 30 June 2018: 0.01%) of the issued share capital at 30 June 2019.

(c) Capital reserves

$ million	Currency translation reserve	Capital redemption reserve	Deferred Consideration reserve	Total
At 1 January 2019	**(2,488)**	**31**	**–**	**(2,457)**
Exchange differences on retranslation of foreign operations	**61**	**–**	**–**	**61**
Deferred Consideration on acquisition of Baimskaya copper project	**–**	**–**	**225**	**225**
At 30 June 2019	**(2,427)**	**31**	**225**	**(2,171)**
At 1 January 2018	(2,060)	31	–	(2,029)
Exchange differences on retranslation of foreign operations	(76)	–	–	(76)
At 30 June 2018	(2,136)	31	–	(2,105)

(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. The increase in the US dollar value of the Group's foreign currency operations of $61 million (H1 2018: decrease of $76 million) follows a 1% increase in the value of the tenge from 31 December 2018 to 30 June 2019.

(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.

(iii) Deferred Consideration reserve

On 22 January 2019, the Group announced the Initial Completion of the acquisition of the Baimskaya copper project in the Chukotka region of Russia (see note 5). The Deferred Consideration of $225 million represents the purchase price for the remaining interest in Baimskaya and is payable in 21.0 million shares, subject to the achievement of certain Project Delivery Conditions, including a pre-determined level of throughput and development of infrastructure by the Russian state. To the extent these conditions are not met or waived by the Group and therefore not settled in shares, the Deferred Consideration will become payable in cash on 31 March 2029.

The Deferred Consideration has been included within equity as a separate share based payment reserve, representing the Group's ability to settle this amount through the issue of 21.0 million shares, measured according to the fair value of the asset acquired on Initial Completion. If the Group decides not to waive any outstanding conditions and settle the Deferred Consideration in cash, the cash payment will be accounted for as the repurchase of an equity interest.

12. Borrowings

	Maturity	Average interest rate during the period	Currency of denomination	Current $ million	Non-current $ million	Total $ million
30 June 2019						
CDB-Bozshakol and Bozymchak – US$ LIBOR + 4.50%	2025	7.34%	US dollar	**180**	**1,075**	**1,255**
CDB-Aktogay facility – PBoC 5 year	2028	5.53%	CNY	**12**	**92**	**104**
CDB-Aktogay facility – US$ LIBOR + 4.20%	2029	6.83%	US dollar	**105**	**1,064**	**1,169**
Pre-export finance facility – US$ LIBOR + 3.00% - 4.50%	2021	5.49%	US dollar	**200**	**200**	**400**
DBK Aktogay facility – US$ LIBOR + 4.50%	2025	7.29%	US dollar	**43**	**213**	**256**
DBK Aktogay expansion facility – US$ LIBOR + 3.90%	2034	n/a	US dollar	**–**	**115**	**115**
				540	**2,759**	**3,299**
31 December 2018						
CDB-Bozshakol and Bozymchak – US$ LIBOR + 4.50%	2025	6.65%	US dollar	180	1,165	1,345
CDB-Aktogay facility – PBoC 5 year	2028	5.17%	CNY	12	98	110
CDB-Aktogay facility – US$ LIBOR + 4.20%	2029	6.45%	US dollar	105	1,116	1,221
Pre-export finance facility – US$ LIBOR + 3.00% - 4.50%	2021	4.97%	US dollar	200	300	500
DBK Aktogay facility – US$ LIBOR + 4.50%	2025	6.70%	US dollar	42	235	277
				539	2,914	3,453
30 June 2018						
CDB-Bozshakol and Bozymchak – US$ LIBOR + 4.50%	2025	6.35%	US dollar	180	1,255	1,435
CDB-Aktogay facility – PBoC 5 year	2028	4.97%	CNY	12	108	120
CDB-Aktogay facility – US$ LIBOR + 4.20%	2029	6.20%	US dollar	105	1,169	1,274
Pre-export finance facility – US$ LIBOR + 3.00% - 4.50%	2021	4.76%	US dollar	200	400	600
DBK Aktogay facility – US$ LIBOR + 4.50%	2025	6.33%	US dollar	21	255	276
				518	3,187	3,705

CDB-Bozshakol and Bozymchak facilities

At 30 June 2019, $1.3 billion (31 December 2018: $1.3 billion; 30 June 2018: $1.4 billion) was drawn under the facility agreements. The facilities accrue interest at US$ LIBOR plus 4.50% and arrangement fees with an amortised cost at 30 June 2019 of $10 million (31 December 2018: $12 million; 30 June 2018: $13 million) have been netted off against these borrowings in accordance with IFRS 9 *'Financial Instruments'*. During the six month period, $91 million of the borrowing was repaid, with $180 million due to be paid within 12 months of the balance sheet date (including $3 million of unamortised debt costs). The facility is repayable in semi-annual 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 facilities consists of a CNY 1.0 billion facility and a $1.3 billion US dollar facility.

At 30 June 2019, the drawn US dollar equivalent amount under the CNY facility was $104 million (31 December 2018: $110 million; 30 June 2018: $120 million). The facility accrues interest at the applicable benchmark lending rate published by the People's Bank of China. This facility is repayable in semi-annual instalments in March and September of each year until financial maturity in 2028. $6 million was repaid in the first half of 2019, while $12 million is due to be repaid within 12 months of the balance sheet date. To protect the Group from currency risks arising on the CNY denominated debt, the Group has entered into CNY/US$ cross currency swaps for a portion of the exposure. This derivative instrument provides a hedge against movements in the CNY exchange rate against the US dollar and also swaps the interest basis from a CNY interest rate into a US$ LIBOR interest basis. The fair value of the swaps at 30 June 2019, included within payables, is $12 million (31 December 2018: $12 million; 30 June 2018: $10 million).

The US dollar facility accrues interest at US$ LIBOR plus 4.20%. At 30 June 2019, $1.2 billion (31 December and 30 June 2018: $1.3 billion) was outstanding under the facility. Arrangement fees with an amortised cost of $10 million (31 December 2018: $11 million; 30 June 2018: $12 million) have been netted off against these borrowings in accordance with IFRS 9. The facility is repayable in semi-annual instalments in March and September commencing from 2018 until final maturity in 2029. During the first half of 2019, $54 million was repaid, with $105 million 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 loans.

PXF facility

In June 2017, the Group completed an amendment and extended the maturity profile of the PXF by two and a half years from December 2018 until June 2021. Under the revised repayment profile, principal repayments commenced in July 2018 and 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. During the six month period, $100 million of the borrowing was repaid, with $200 million due to be paid within 12 months of the balance sheet date. KAZ Minerals PLC, Vostoktsvetmet LLC and KAZ Minerals Sales Limited act as guarantors of the facility.

DBK-Aktogay facilities

On 14 June 2019, the Group entered into a $600 million credit facility agreement with DBK relating to the Aktogay expansion project. The Group also has an existing $300 million facility with DBK relating to the original Aktogay project. KAZ Minerals PLC acts as guarantor of these facilities.

The $600 million facility will be drawn down in accordance with capital expenditure incurred on certain contracts committed for the Aktogay expansion project, with $120 million drawn at 30 June 2019. The facility extends for a term of 15 years and accrues interest at a rate of US$ LIBOR plus 3.90%. The facility 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. Arrangement fees with an amortised cost of $5 million have been netted off against these borrowings in accordance with IFRS 9.

The $300 million facility with DBK was entered into in December 2016 and was fully drawn at 31 December 2016. The facility extends for a term of eight and a half years and accrues interest at US$ LIBOR plus 4.50%. The facility is repayable in instalments with the first repayment made 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. Arrangement fees with an amortised cost of $1 million (31 December 2018: $1 million; 30 June 2018: $2 million) have been netted off against these borrowings in accordance with IFRS 9. During the first half of 2019, $21 million of the borrowing was repaid, with $43 million due to be paid within 12 months of the balance sheet date.

Undrawn facilities

Except for the $480 million remaining to be drawn under the DBK Aktogay expansion facility agreement entered into in June 2019, all debt facilities were fully drawn at 30 June 2019, 31 December 2018 and 30 June 2018.

13. Other liabilities

$ million	At 30 June 2019	At 31 December 2018	At 30 June 2018
Advance consideration	**70**	25	–
Payments for licences	**7**	9	8
Payables to NFC	**–**	19	50
Other	**2**	–	–
	79	53	58
Current	**72**	46	51
Non-current	**7**	7	7
	79	53	58

(a) Advance consideration

In June 2019, the Group received the remaining $45 million advance consideration from NFC in respect of the agreement for NFC to invest $70 million for a 19.4% equity stake in KAZ Minerals Koksay B.V., the immediate parent entity of the Koksay exploration licence holder, as announced in June 2018. The $70 million cash consideration was reflected as a current liability at the balance sheet date pending completion of the transaction. The transaction completed in July 2019 (see note 5).

(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 whilst 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 (2018: 7.6%) and 4.0% for US dollar (2018: 4.0%) obligations. Under the subsoil use agreements, the historical cost payments amortise over a 10 year period and commence with first production.

(c) Payables to NFC

The Group previously reached an agreement with its principal construction contractor at Aktogay, NFC, to defer payment of $300 million, of which $281 million was settled in 2018 and the final $19 million settled in the first half of 2019. The extended credit terms had been discounted using a rate of US$ LIBOR plus 4.20% on the estimated cost of services performed.

14. Consolidated cash flow analysis

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

$ million	Notes	Six months ended 30 June 2019	Six months ended 30 June 2018
Profit before tax		**289**	355
Finance income		**(11)**	(14)
Finance costs	6	**108**	123
Share-based payments		**2**	1
Depreciation, amortisation and depletion		**124**	134
Unrealised foreign exchange loss/(gain)		**25**	(4)
Other reimbursements		**1**	–
Operating cash flows before changes in working capital and provisions		**538**	595
Decrease in non-current VAT receivable		**–**	3
Increase in inventories		**(103)**	(80)
Increase in prepayments and other current assets		**(34)**	(9)
Increase in trade and other receivables		**–**	(12)
Increase/(decrease) in employee benefits		**1**	(2)
Decrease in provision for closure and site restoration		**(1)**	–
(Decrease)/increase in trade and other payables		**(19)**	27
Cash flows from operations before interest and income taxes paid		**382**	522

(b) Cash and cash equivalents

$ million	At 30 June 2019	At 31 December 2018	At 30 June 2018
Cash deposits with short-term initial maturities[1]	**475**	1,157	654
Cash at bank[2]	**264**	62	999
	739	1,219	1,653

1 In 2018, both the Group's major growth projects had achieved design levels of production, following which it announced the payment of an interim dividend in the second half of 2018. This resulted in a change in the purpose of the Group's term deposits and constituted a change in conditions in accordance with paragraph 16 of IAS 8 '*Accounting Policies, Changes in Accounting Estimates and Errors*'. Therefore, from the second half of 2018 the Group has prospectively classified deposits with original maturity of greater than three months as current investments.

2 Cash at bank at 30 June 2019 of $nil (31 December 2018: $2 million) was restricted by legal or contractual arrangements. These amounts were excluded from the Group's measure of net debt (see note 14(c)). Additionally, included within cash and cash equivalents is $68 million which is to be solely used for the investment into the Koksay project (see note 5).

(c) Movement in net debt

$ million	At 1 January 2019	Cash flow	Other movements[1]	At 30 June 2019
Cash and cash equivalents	1,219	**(475)**	**(5)**	**739**
Less: restricted cash	(2)	**–**	**2**	**–**
Current investments	250	**(250)**	**–**	**–**
Borrowings[2]	(3,453)	**157**	**(3)**	**(3,299)**
Net debt[3]	(1,986)	**(568)**	**(6)**	**(2,560)**

$ million	At 1 January 2018	Cash flow	Other movements[1]	At 30 June 2018
Cash and cash equivalents	1,821	(174)	6	1,653
Borrowings[2]	(3,877)	173	(1)	(3,705)
Net debt[3]	(2,056)	(1)	5	(2,052)

1 Other movements within cash and cash equivalents comprise net foreign exchange movements. Other movements within restricted cash reflect the expiration of legal or contractual arrangements against cash and cash equivalents which were previously excluded from the Group's measure of net debt. Other movements on borrowings comprise net foreign exchange movements and non-cash amortisation of fees on borrowings. For the period ended 30 June 2019, the $3 million other movement on borrowings relates to the amortisation of fees on the Group's financing facilities. For the period ended 30 June 2018, the $1 million other movement on borrowings consisted of $3 million of amortisation of fees on the Group's financing facilities and $2 million of foreign exchange gains on the CDB-Aktogay RMB facility.

2 The cash flows on borrowings reflect repayments on existing facilities of $272 million (H1 2018: $173 million) with draw downs of $115 million net of arrangement fees in the six months to 30 June 2019 (H1 2018: none), relating to the new DBK Aktogay expansion facility (see note 12).

3 APMs are used to assess the performance of the Group and are not defined or specified under IFRS. For further information on APMs, including justification for their use, please refer to the APMs section on page 49.

15. Financial instruments

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

$ million	Notes	At 30 June 2019	At 31 December 2018	At 30 June 2018
Financial assets at amortised cost				
Long-term bank deposits	10	**3**	3	3
Other long-term advances	10	**–**	15	–
Trade and other receivables not subject to provisional pricing		**6**	13	8
Current investments	14(c)	**–**	250	–
Cash and cash equivalents	14(b)	**739**	1,219	1,653
		748	1,500	1,664
Financial assets at fair value through profit or loss				
Trade receivables subject to provisional pricing[1]		**122**	114	135
Financial liabilities at amortised cost				
Borrowings[2]	12	**(3,299)**	(3,453)	(3,705)
Other liabilities	13	**(79)**	(53)	(58)
Trade and other payables[3]		**(247)**	(211)	(219)
		(3,625)	(3,717)	(3,982)
Financial liabilities at fair value through profit or loss				
Derivative instrument[4]		**(12)**	(12)	(10)

1 Trade receivables subject to provisional pricing include less than $1 million adverse adjustment (31 December 2018: $7 million adverse; 30 June 2018: $9 million adverse) arising from the marked to market valuation on provisionally priced contracts at the period 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.

2 The fair value of borrowings approximates its carrying value and is measured by discounting future cash flows using currently available interest rates for debt of similar maturities, which is a level 3 valuation method within the fair value hierarchy.

3 Excludes payments received in advance from customers, other taxes payable and MET and royalties payable that are not regarded as financial instruments.

4 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.

The fair values of financial assets and liabilities at amortised cost are not materially different from their carrying values as presented.

16. 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 Kazakhmys Holding Group, are disclosed below.

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

$ million	Sales to related parties	Purchases from related parties	Amounts owed by related parties[1]	Amounts owed to related parties
Kazakhmys Holding Group				
30 June 2019	**1**	**55**	**5**	**2**
30 June 2018	2	50	5	3

1 Amounts owed by related parties primarily relate to advances paid for the provision of smelting and refining of the Group's copper concentrate. No provision is held against the amounts owed by related parties at 30 June 2019 and 2018.

Kazakhmys Holding Group

The related party transactions and balances are with companies which are part of the Kazakhmys Holding Group (a company owned by Vladimir Kim, a Director of the Company, and Eduard Ogay, a former Director of the Company) and are 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.

17. Commitments and contingencies

(a) Legal claims

In the ordinary course of business, the Group is subject to legal actions and complaints. The Directors believe that the ultimate liability, if any, arising from such actions or complaints where they exist will not have a material adverse effect on the financial condition or results of operations of the Group. As of 30 June 2019, the Group was not involved in any significant legal proceedings, including arbitration, which may crystallise a material financial loss for the Group.

(b) 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 30 June 2019 amounted to $700 million (31 December 2018: $724 million, 30 June 2018: $792 million), which relates largely to the Aktogay expansion project.

(c) Tax audits

Historical tax years relating to various companies within the Group remain open for inspection during tax audits. The tax authorities in Kazakhstan are able to raise additional tax assessments for five years after the end of the relevant tax period in respect of all taxes. A number of the Group's operating subsidiaries in Kazakhstan are currently undergoing or expected to undergo routine tax audits which could give rise to substantial tax assessments. As such, additional tax payments could arise for the Group.

18. Post balance sheet events

(a) Koksay

In July 2019, the Group transferred a 19.4% equity stake in KAZ Minerals Koksay B.V., the parent company of the entity which holds the mining licence in Kazakhstan, to NFC following the completion of the transaction (see note 5).

(b) Dividends

On 14 August the Directors of the Company declared an interim dividend for the half year ended 30 June 2019 of 4.0 USc per share. See note 9(b).

ALTERNATIVE PERFORMANCE MEASURES (UNAUDITED)

APMs are measures of financial performance, financial position or cash flows that are not defined or specified under IFRS. APMs are used by the Directors internally to assess the performance of the Group and assist in providing relevant and useful information to users of the half-yearly report.

APMs are not uniformly defined by all companies, including those in the Group's industry. APMs used by the Group may not be comparable with similarly titled measures and disclosures made by other companies. APMs should be considered in addition to and not as a substitute for measures of financial performance, financial position or cash flows reported in accordance with IFRS.

The Group uses APMs to improve the comparability of information between reporting periods and segments, either by adjusting for special items which impact upon IFRS measures or by aggregating or disaggregating IFRS measures, to aid understanding of the Group's performance. The definition and relevance of the APMs used by the Group is set out below.

(a) EBITDA

EBITDA is defined as earnings before interest, taxation, depreciation, depletion, amortisation, MET and royalties and special items[1]. EBITDA 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 believe that the exclusion of MET and royalties provides an informed measure of the operational profitability given the nature of the taxes, as further explained in the 'Taxation' section on page 18. Special items are excluded to enhance the comparability of EBITDA and certain other APMs from period to period. This performance measure is one of the Group's KPIs, the relevance of which is shown on page 28 of KAZ Minerals' 2018 Annual Report and Accounts. A reconciliation to operating profit is provided on page 16 and in note 4(a)(i) of the condensed consolidated financial statements.

(b) Underlying Profit

Underlying Profit is defined as profit/loss excluding special items[1] and their resulting tax and non-controlling interest effects. This measure is considered to be useful as it provides an indication of the profit resulting from the underlying trading performance of the Group. Underlying Profit is reconciled from net profit attributable to equity holders of the Company on page 18 and as set out in note 8 to the condensed consolidated financial statements.

(c) EPS based on Underlying Profit

EPS based on Underlying Profit is profit/loss excluding special items[1] and their resulting tax and non-controlling interest effects, divided by the weighted average number of ordinary shares in issue during the period. This is one of the Group's KPIs for measuring financial performance, the relevance of which is outlined on page 28 of KAZ Minerals' 2018 Annual Report and Accounts. A calculation of EPS based on Underlying Profit is included on page 18 and within note 8 of the condensed consolidated financial statements.

(d) Gross liquid funds

Gross liquid funds is defined as the aggregate of cash and cash equivalents and current investments less restricted cash.

$ million	**At 30 June 2019**	At 31 December 2018
Cash and cash equivalents	**739**	1,219
Current investments	**–**	250
Less: restricted cash	**–**	(2)
Gross liquid funds	**739**	1,467

(e) Net debt

Net debt is the excess of current and non-current borrowings over gross liquid funds. The Board uses this measure for the purposes of capital management. A reconciliation of net debt is included on page 21 and note 14(c) of the condensed consolidated financial statements.

(f) Free Cash Flow

Free Cash Flow is net cash flow from operating activities, as reflected in the consolidated statement of cash flows on page 29 of the half-yearly report, before capital expenditure and VAT associated with major growth projects less sustaining capital expenditure. This is one of the Group's KPIs for measuring financial performance, the relevance of which is outlined on page 28 of KAZ Minerals' 2018 Annual Report and Accounts. A reconciliation from net cash flow from operating activities is provided below.

$ million	**Six months ended 30 June 2019**	Six months ended 30 June 2018

1 Special items are defined as those items which are non-recurring or variable in nature and do not impact the underlying trading performance of the Group. In the six months ended 30 June 2019, there were no special items (H1 2018: none).

Net cash flows from operating activities	**236**	350
Net VAT paid/(received) associated with major growth projects	**12**	(3)
Less: sustaining capital expenditure	**(66)**	(39)
Free Cash Flow	**182**	308

(g) Gross cash costs

Gross cash costs is defined as cash operating costs excluding purchased cathode plus TC/RC on concentrate sales, divided by the volume of own copper sales. Cash costs are a standard industry measure applied by most major copper mining companies. The Directors use gross cash costs to measure the performance of the Group in managing its costs. A reconciliation from revenues is shown below.

$ million (unless otherwise stated)	**Six months ended 30 June 2019**	Six months ended 30 June 2018
Revenues	**1,052**	1,098
Less: EBITDA – see note 4(a)(i)	**(620)**	(690)
Cash operating costs	**432**	408
Less: cash operating costs excluded from gross cash costs (including corporate)	**(20)**	(15)
Add: TC/RC on concentrate sales	**47**	57
Gross cash costs	**459**	450
Own copper sales (kt)	**144.4**	140.8
Gross cash costs ($/t)	**3,179**	3,196
Gross cash costs (USc/lb)	**144**	145

(h) Net cash costs

Net cash costs is defined as gross cash costs less by-product revenues, divided by the volume of own copper sales. This is one of the Group's KPIs for measuring cost performance, the relevance of which is outlined on page 29 of KAZ Minerals' 2018 Annual Report and Accounts. A reconciliation from gross cash costs is shown below.

$ million (unless otherwise stated)	**Six months ended 30 June 2019**	Six months ended 30 June 2018
Gross cash costs – see note (g) above	**459**	450
Less: by-product revenues – see note 4(b), excluding tolling revenues	**(203)**	(194)
Net cash costs	**256**	256
Own copper sales (kt)	**144.4**	140.8
Net cash costs ($/t)	**1,773**	1,818
Net cash costs (USc/lb)	**80**	82

(i) Maintenance spend per tonne of copper produced

Maintenance spend per tonne of copper produced is defined as sustaining capital expenditure, divided by copper production volumes. This is one of the Group's KPIs for measuring the efficiency of controlling sustaining capital expenditure, the relevance of which is outlined on page 29 of KAZ Minerals' 2018 Annual Report and Accounts. A reconciliation from capital expenditure included within the consolidated statement of cash flows is shown below.

$ million (unless otherwise stated)	**Six months ended 30 June 2019**	Six months ended 30 June 2018
Purchase of intangible assets – cash flow statement	**1**	1
Purchase of property, plant and equipment – cash flow statement	**352**	340
Investments in mining assets – cash flow statement	**45**	23
Less: expansionary and new project capital expenditure – see Financial review	**(332)**	(325)
Sustaining capital expenditure	**66**	39
Copper production (kt)	**147.6**	139.6
Maintenance spend per tonne of copper produced ($/t)	**447**	279

GLOSSARY

APMs
Alternative Performance Measures being measures of financial performance, financial position or cash flows that are not defined or specified under IFRS but used by the Directors internally to assess the performance of the Group

Baimskaya copper project
the mining licence covering the Peschanka copper deposit, located in the Chukotka region of Russia

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

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

CDB or China Development Bank
China Development Bank Corporation

China
People's Republic of China

CIT
corporate income tax

CNY
Chinese yuan, basic unit of the renminbi

Commercial Production (Baimskaya)
the first commissioned concentrator at the project achieving 70 per cent of nameplate processing capacity for six consecutive calendar months

Company or KAZ Minerals
KAZ Minerals PLC

Copper Equivalent Production
copper equivalent production units, consisting of copper production plus gold production converted into copper units, assuming analyst consensus long term average price forecasts of $6,700/t for copper and $1,300/oz for gold

CREST
an electronic means of settling share transactions and registering investors on a company's register of members

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

Deferred Cash Consideration
$225 million in cash payable to the Vendor at the Long Stop Date, in lieu (in whole or in part) of payment of Deferred Equity Consideration at Final Completion, if and to the extent that the Project Delivery Conditions are not satisfied at the date of Commercial Production

Deferred Consideration
any Deferred Equity Consideration payable at Final Completion and any Deferred Cash Consideration payable at the Long Stop Date, with a total value of $225 million

Deferred Equity Consideration
up to 21,009,973 million KAZ Minerals shares to be issued to the Vendor or its nominee at Final Completion, if and to the extent that the Project Delivery Conditions are satisfied at the date of Commercial Production

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 of Kazakhstan. 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

DTR
Disclosure Guidance and Transparency Rules of the UK Financial Conduct Authority

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

EPS
earnings per share

EPS based on Underlying Profit
profit/loss excluding special items and their resulting tax and non-controlling interest effects, divided by the weighted average number of ordinary shares in issue during the period (see note 8 of the condensed consolidated financial statements)

EU
European Union

Final Completion
completion of the acquisition by KAZ Minerals of the remaining 25 per cent interest in the Baimskaya copper project, which will be at the earlier of (i) a date shortly after the date of Commercial Production and (ii) the Long Stop Date

Free Cash Flow
net cash flow from operating activities before capital expenditure and VAT associated with major growth projects less sustaining capital expenditure (see page 50 for a reconciliation to the closest IFRS based measure)

g/t
grammes per metric tonne

gross cash costs
cash operating costs excluding purchased cathode plus TC/RC on concentrate sales, divided by the volume of own copper sales

gross liquid funds
the aggregate of cash and cash equivalents and current investments less restricted cash

the Group
KAZ Minerals PLC and its subsidiary companies

IAS
International Accounting Standard

IASB
International Accounting Standards Board

IFRIC
International Financial Reporting Interpretations Committee

IFRS
International Financial Reporting Standard

Initial Cash Consideration
$436 million in cash

Initial Completion
completion of the acquisition by KAZ Minerals of a 75 per cent interest in the Baimskaya copper project in the first half of 2019, after obtaining anti-monopoly and other regulatory approvals and satisfaction of certain other conditions

Initial Consideration
the Initial Cash Consideration and the Initial Equity Consideration payable at Initial Completion, with a total value of $675 million at 31 July 2018

Initial Equity Consideration
22,344,944 million new KAZ Minerals shares valued at $239 million at 31 July 2018

IRR
internal rate of return

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 Holding Group
the entity to which the Disposal Assets were transferred (formerly Cuprum Netherlands Holding B.V.)

Kazakhstan
the Republic of Kazakhstan

koz
thousand ounces

KPI
key performance indicator

kt
thousand metric tonnes

Kyrgyzstan
the Kyrgyz Republic

KZT or tenge
the official currency of the Republic of Kazakhstan

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

Long Stop Date
31 March 2029

major growth projects
the initial construction of Aktogay, Bozshakol, the Aktogay expansion project and the Baimskaya copper project

MET
mineral extraction tax

Moz
million ounces

Mt
million metric tonnes

net cash costs
gross cash costs less by-product revenues, divided by the volume of own copper sales

net debt
the excess of current and non-current borrowings over gross liquid funds. A reconciliation of net debt is in note 14(c) of the condensed consolidated financial statements

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

NPV
net present value

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

PBoC
People's Bank of China

Project Delivery Conditions
conditions to the payment of Deferred Equity Consideration at Final Completion in lieu of payment of Deferred Cash Consideration at the Long Stop Date, which relate to state construction of transport and power infrastructure, confirmation of federal tax incentives and demonstration of year-round concentrate shipment from the port of Pevek on agreed terms

PXF
pre-export finance debt facility

Recordable Injury
a new occupational injury of sufficient severity that it requires medical treatment beyond first aid or results in the worker's inability to perform his or her routine function on the next calendar day

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

RMB
renminbi, the official currency of the People's Republic of China

Rosatom
State Atomic Energy Corporation Rosatom

rouble or RUB
the official currency of the Russian Federation

Russia
Russian Federation

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

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

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

Total Recordable Injury Frequency Rate
the number of Recordable Injuries occurring per million hours worked

UK
United Kingdom

Underlying Profit
profit/loss excluding special items and their resulting tax and non-controlling interest effects. Underlying Profit is set out in note 8 to the condensed consolidated financial statements

US
United States of America

USc/lb
US cents per pound

Vendor

Aristus Holdings Limited, a company owned and controlled by a consortium of individual investors including Roman Abramovich and Alexander Abramov