

# 2019 Full Year Results

## POSITIONED FOR GROWTH



**KAZ**  
MINERALS



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All relevant financial definitions can be found in the glossary to the Full Year Results 2019 press release.

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# AGENDA

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- |                          |                     |
|--------------------------|---------------------|
| 1. 2019 highlights       | Andrew Southam, CEO |
| 2. Review of operations  |                     |
| 3. Financial update      | John Hadfield, CFO  |
| 4. Growth projects       | Andrew Southam, CEO |
| 5. Positioned for growth |                     |



# 1. 2019 highlights

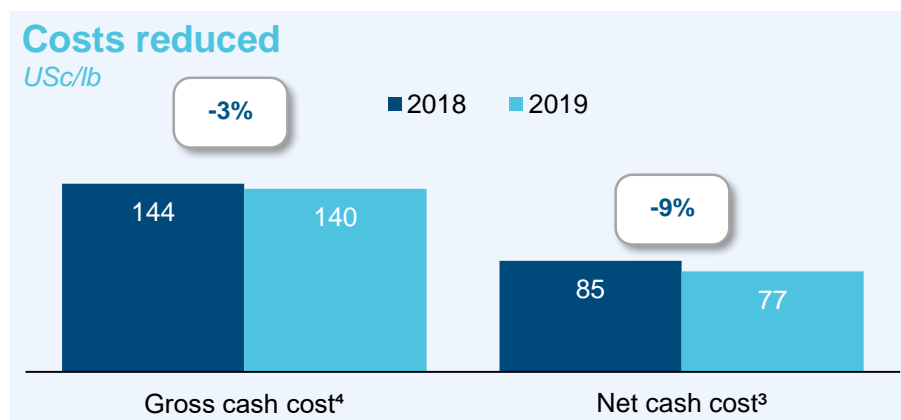
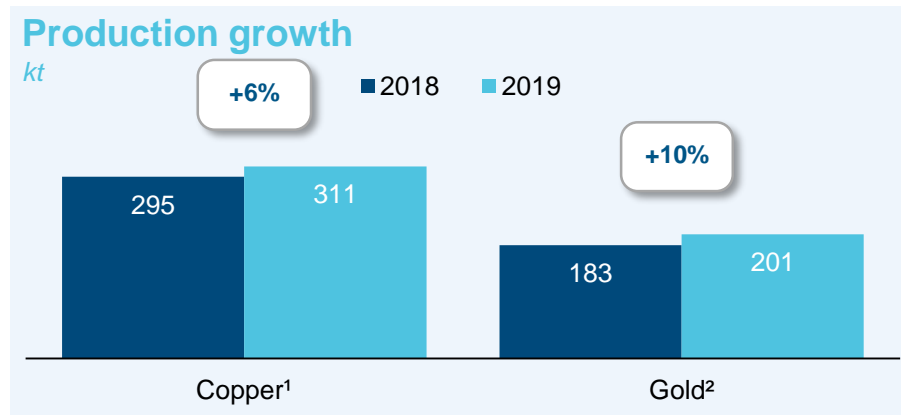
ANDREW SOUTHAM

CHIEF EXECUTIVE OFFICER

# GROWING PRODUCTION AND LOWER COSTS



- ▶ Higher copper<sup>1</sup> and gold production<sup>2</sup> offset 8% lower copper prices in 2019:
- ▶ Industry leading net cash cost of 77 USc/lb<sup>3</sup>
- ▶ Final dividend of 8.0 USc/share recommended (full year 12.0 USc/share)
- ▶ Producing assets support growth investments:
  - Aktogay expansion project on track
  - Baimskaya feasibility study work ongoing, expected later in H1 2020



#### Notes:

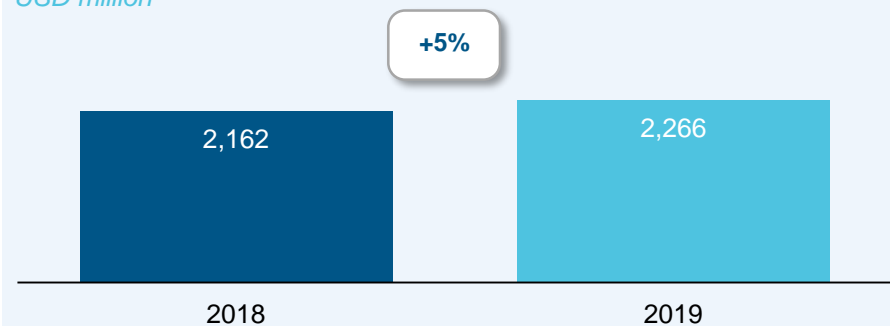
1. Payable metal in concentrate and copper cathode from Aktogay oxide.
2. Payable metal in concentrate.
3. Cash operating costs, plus TC/RC on concentrate sales, less by-product revenues, divided by copper sales volume.
4. Cash operating costs, plus TC/RC on concentrate sales, divided by copper sales volume.

# 2019 HIGHLIGHTS



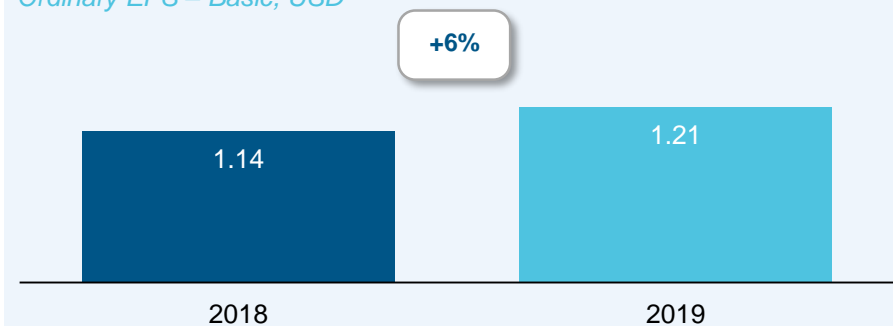
## Revenues

USD million



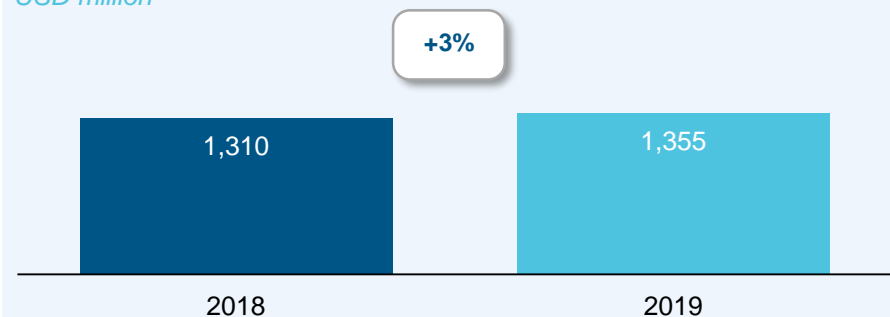
## Earnings per share

Ordinary EPS – Basic, USD



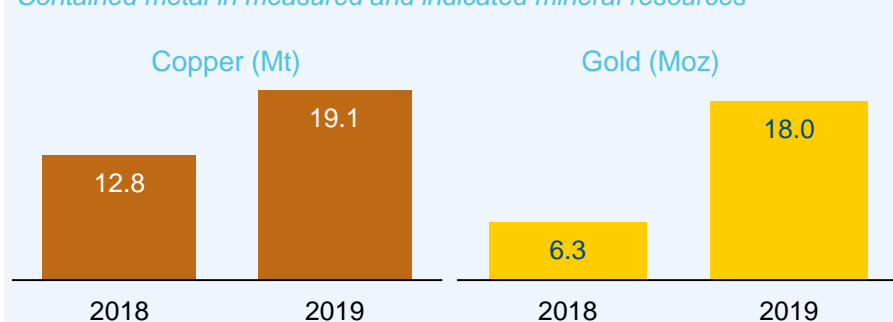
## EBITDA<sup>1</sup>

USD million



## Mineral resources

Contained metal in measured and indicated mineral resources



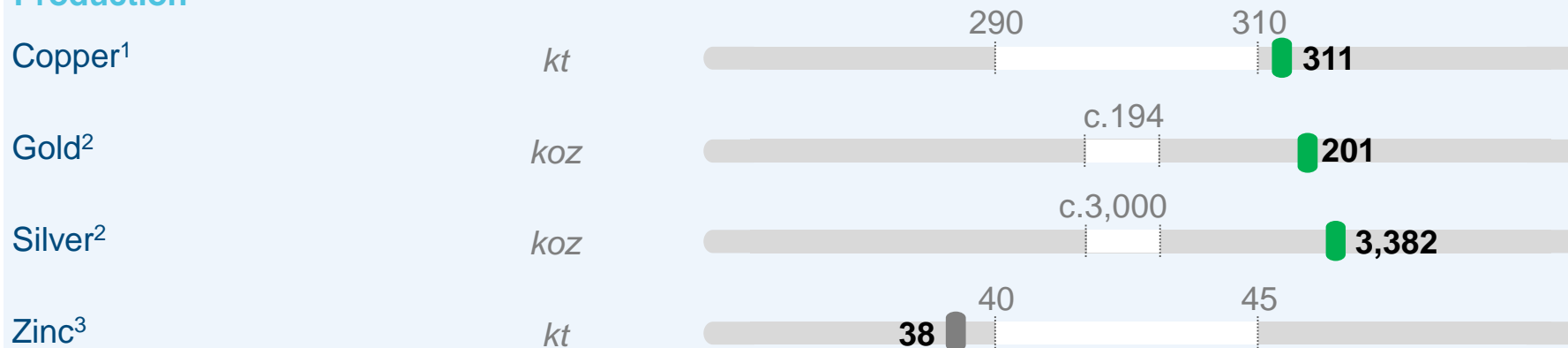
Notes:

1. Excluding MET, royalties and special items.

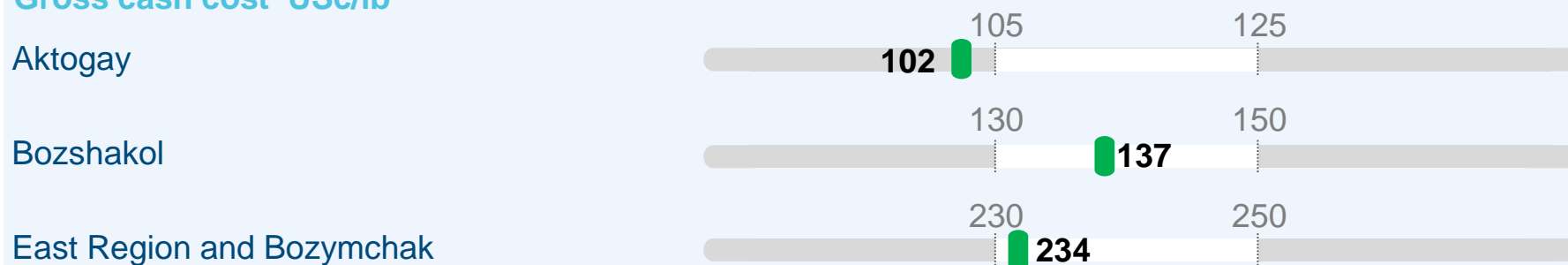
# DELIVERING AGAINST OUR TARGETS



## Production



## Gross cash cost<sup>4</sup> USc/lb



Notes:

1. Payable metal in concentrate and copper cathode from Aktogay oxide ore.
2. Payable metal in concentrate.
3. Zinc in concentrate.
4. Cash operating costs, plus TC/RC on concentrate sales, divided by copper sales volume.

# HEALTH AND SAFETY

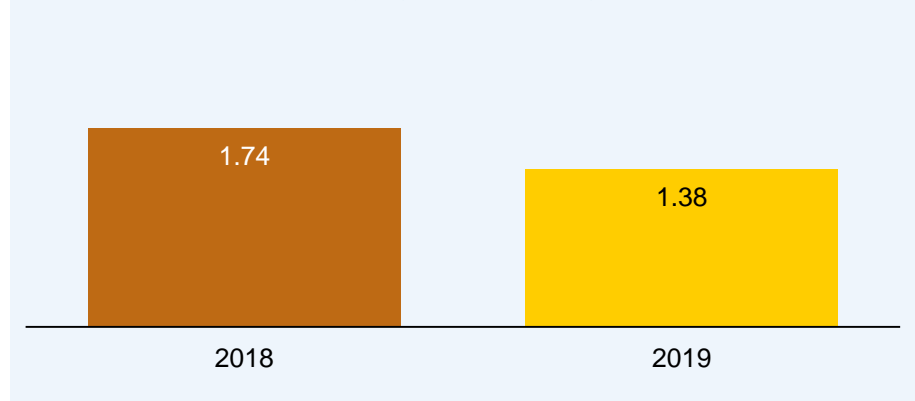


- ▶ Two fatalities in 2019
  - No fatality is acceptable, target is zero
  - Zero fatalities occurred in open pit operations

## Improving our performance

- ▶ Goal Zero programme launched
- ▶ New ground control risk assessment initiative for underground mines
- ▶ Occupational health - invested in wellbeing projects for staff at remote sites, including mental health services

Total recordable injury frequency rate<sup>1</sup>



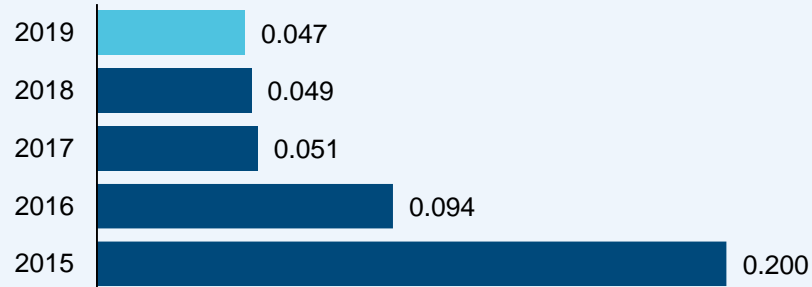
## Notes:

1. Total Recordable Injury Frequency Rate or TRIFR is the number of Recordable Injuries occurring per million hours worked.



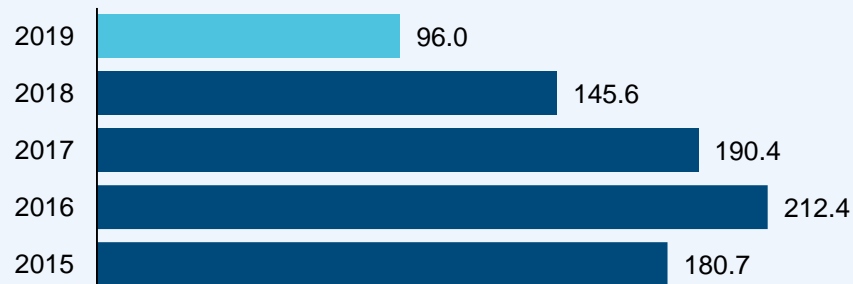
# SUSTAINABILITY UPDATE

## CO<sub>2</sub> emissions per unit of ore processed (kt)



- ▶ Ramp up of modern, efficient facilities continues to reduce environmental impacts
- ▶ Water consumption significantly reduced in 2019 due to increase in water recycling at Bozshakol
- ▶ Baimskaya copper project in Russia to draw power from low carbon energy sources and further reduce the Group's CO<sub>2</sub> intensity
- ▶ Gained entry to FTSE4Good Index Series

## Water withdrawal per unit of copper produced (megalitres/kt)



FTSE4Good

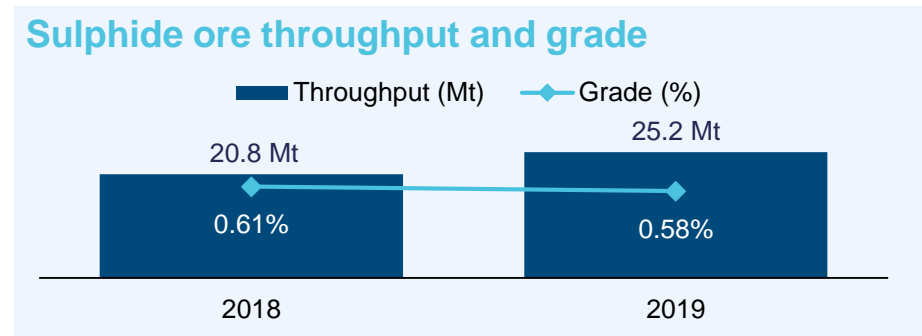


## 2. Review of operations

# AKTOGAY OPERATIONS



- ▶ 2019 copper production 145.7 kt, including 22.7 kt from oxide (2018: 131.4 kt)
  - Exceeded guidance of 130-140 kt
  - 25.2 Mt sulphide ore processed (2018: 20.8 Mt), recovery rate 88.0% (2018: 86.8%)
  - Stockpiled 10.5 Mt of sulphide ore (2018: 5.0 Mt)
  - Mill maintenance deferred to January 2020
  
- ▶ 2020 copper guidance set at 120-130 kt, including c.20 kt from oxide
  - Lower grades expected in 2020 compared to 2019
  - Sulphide copper grade guidance 2019-2021 is c.0.50%



Notes:

1. Payable metal in concentrate and copper cathode from Aktogay oxide ore.

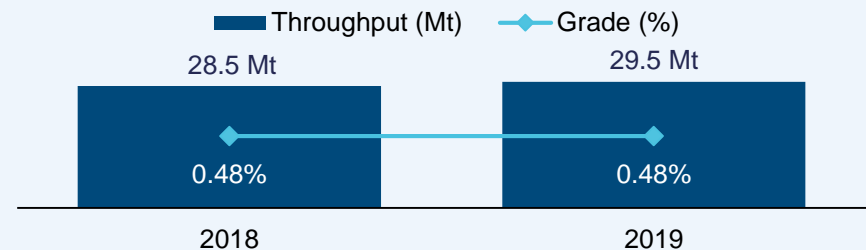
# BOZSHAKOL OPERATIONS



- ▶ 2019 copper production of 110.2 kt (2018: 101.6 kt)
  - Achieved guidance midpoint of 105-115 kt
  - 29.5 Mt ore processed (2018: 28.5 Mt), recovery rate 81.1% (2018: 78.7%)
  - Stockpiled 6.2 Mt of ore (2018: 2.3 Mt)
- ▶ Gold production increased 13% to 144.8 koz (2018: 127.8 koz), above guidance due to high grades and recoveries
- ▶ In 2020, average copper grade expected to increase slightly, together with full year of clay plant operations
  - Copper production guidance set at 110-120 kt
  - Clay ore processing from stockpiles is expected to exceed mined volumes

|                                  | 2019       | 2020 guidance    |
|----------------------------------|------------|------------------|
| <b>Copper<sup>1</sup></b><br>kt  | <b>110</b> | <b>110 – 120</b> |
| <b>Gold<sup>1</sup></b><br>koz   | <b>145</b> | <b>140 – 150</b> |
| <b>Silver<sup>1</sup></b><br>koz | <b>803</b> | <b>c.700</b>     |

## Sulphide ore throughput and grade



Notes:  
1. Payable metal in concentrate.

# EAST REGION AND BOZYMCHAK OPERATIONS



- ▶ Copper production of 55.5 kt in line with guidance and gold production of 54 koz exceeded guidance
  - Zinc output of 38.3 kt below guidance due to low grades and challenging geological conditions
- ▶ Belousovsky concentrator closed to enable more efficient processing of Irtyshsky ore at the Nikolayevsky concentrator
- ▶ 2020 copper production guidance c.50 kt:
  - Artemyevsky ore body transition until 2022
  - Orlovsky mining in deeper horizons and more challenging conditions

|                                  | 2019         | 2020 guidance  |
|----------------------------------|--------------|----------------|
| <b>Copper<sup>1</sup></b><br>kt  | <b>55</b>    | <b>c.50</b>    |
| <b>Gold<sup>1</sup></b><br>koz   | <b>54</b>    | <b>40 – 50</b> |
| <b>Silver<sup>1</sup></b><br>koz | <b>2,024</b> | <b>c.1,800</b> |
| <b>Zinc<sup>2</sup></b><br>kt    | <b>38</b>    | <b>c.40</b>    |

Notes:

1. Payable metal in concentrate.
2. Zinc in concentrate.

# 2020 GROUP PRODUCTION GUIDANCE



|                            | Aktogay                | Bozshakol | East Region & Bozymchak | Group     |
|----------------------------|------------------------|-----------|-------------------------|-----------|
| Copper <sup>1</sup><br>kt  | 120 – 130 <sup>2</sup> | 110 – 120 | c.50                    | 280 – 300 |
| Gold <sup>3</sup><br>koz   |                        | 140 – 150 | 40 – 50                 | 180 – 200 |
| Silver <sup>3</sup><br>koz | c.500                  | c.700     | c.1,800                 | c.3,000   |
| Zinc <sup>4</sup><br>kt    |                        |           | c.40                    | c.40      |

Notes:

1. Payable metal in concentrate and copper cathode from Aktogay oxide ore.
2. Range includes c.20 kt of cathode production from oxide ore.
3. Payable metal in concentrate.
4. Zinc in concentrate.

## **3. Financial update**

**JOHN HADFIELD**

CHIEF FINANCIAL OFFICER

# FINANCIAL UPDATE



| \$m (unless otherwise stated)       | 2019    | 2018    |
|-------------------------------------|---------|---------|
| Revenues                            | 2,266   | 2,162   |
| EBITDA <sup>1</sup>                 | 1,355   | 1,310   |
| <i>Margin</i>                       | 60%     | 61%     |
| Net cash cost (USc/lb) <sup>2</sup> | 77      | 85      |
| Free Cash Flow <sup>3</sup>         | 411     | 585     |
| Ordinary EPS – basic (\$)           | 1.21    | 1.14    |
| Net Debt                            | (2,759) | (1,986) |

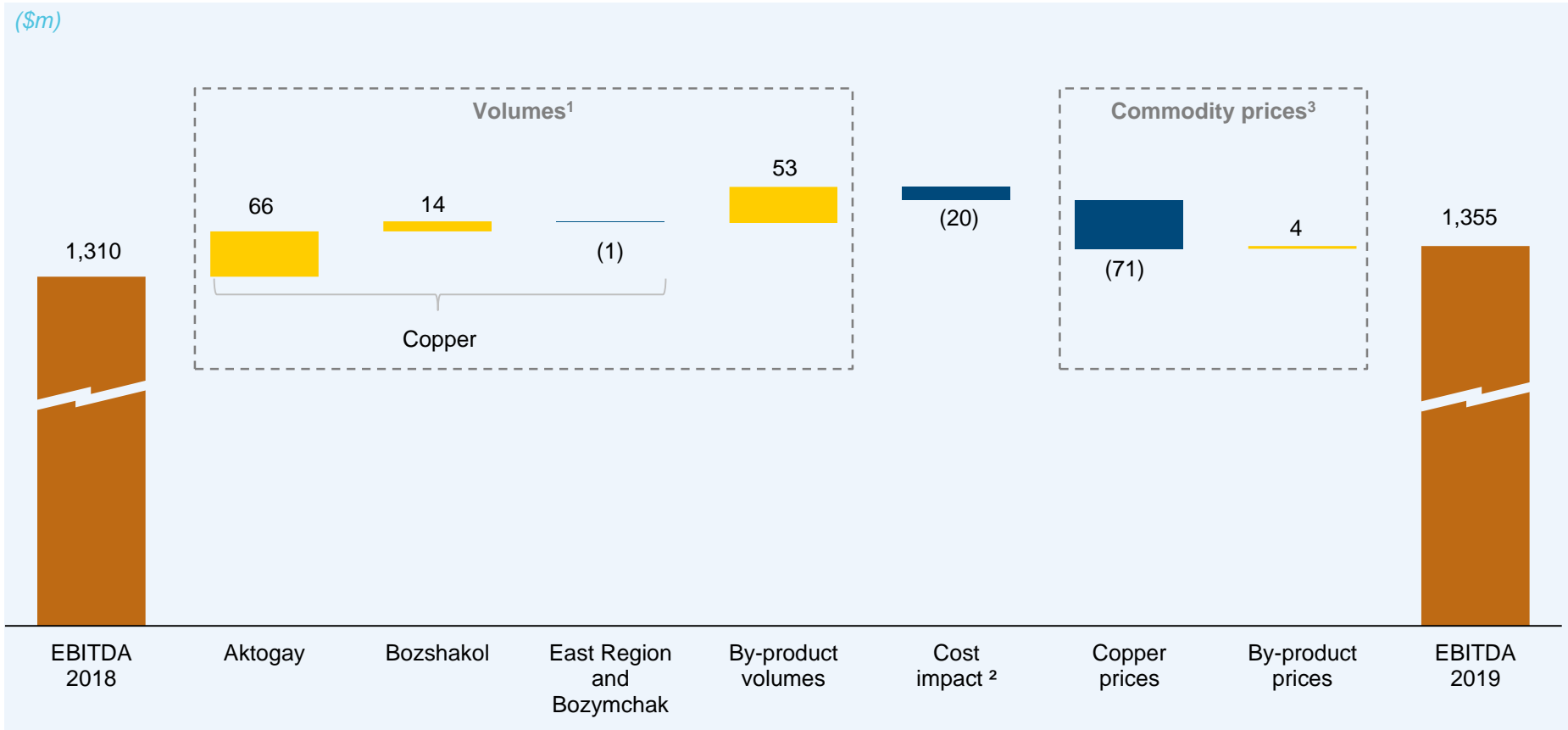
- ▶ Copper prices reduced by 8% to \$6,000/t in 2019 (2018: \$6,526/t)
- ▶ EBITDA of \$1,355 million, 60% margin
- ▶ Industry leading first quartile net cash cost<sup>2</sup> of 77 USc/lb (2018: 85 USc/lb)
- ▶ Net debt \$2,759 million
- ▶ \$1.7 billion of debt facilities signed:
  - \$600 million DBK facility to finance Aktogay expansion, June 2019
  - \$100 million CAT facility, November 2019
  - \$1,000 million PXF, January 2020
- ▶ Final dividend of 8.0 USc/share recommended (full year 12.0 USc/share)

## Notes:

1. Excluding MET, royalties and special items.
2. Cash operating costs, plus TC/RC on concentrate sales, less by-product revenues, divided by copper sales volume.
3. Net cash flow from operating activities before capital expenditure and VAT associated with major growth projects, less sustaining capital expenditure.



# VOLUME GROWTH OFFSETS LOWER PRICES



Notes:

1. Change in sales volumes at current year margin.
2. Net change in cash costs per tonne.
3. Change in realised prices applied to prior year sales volumes.

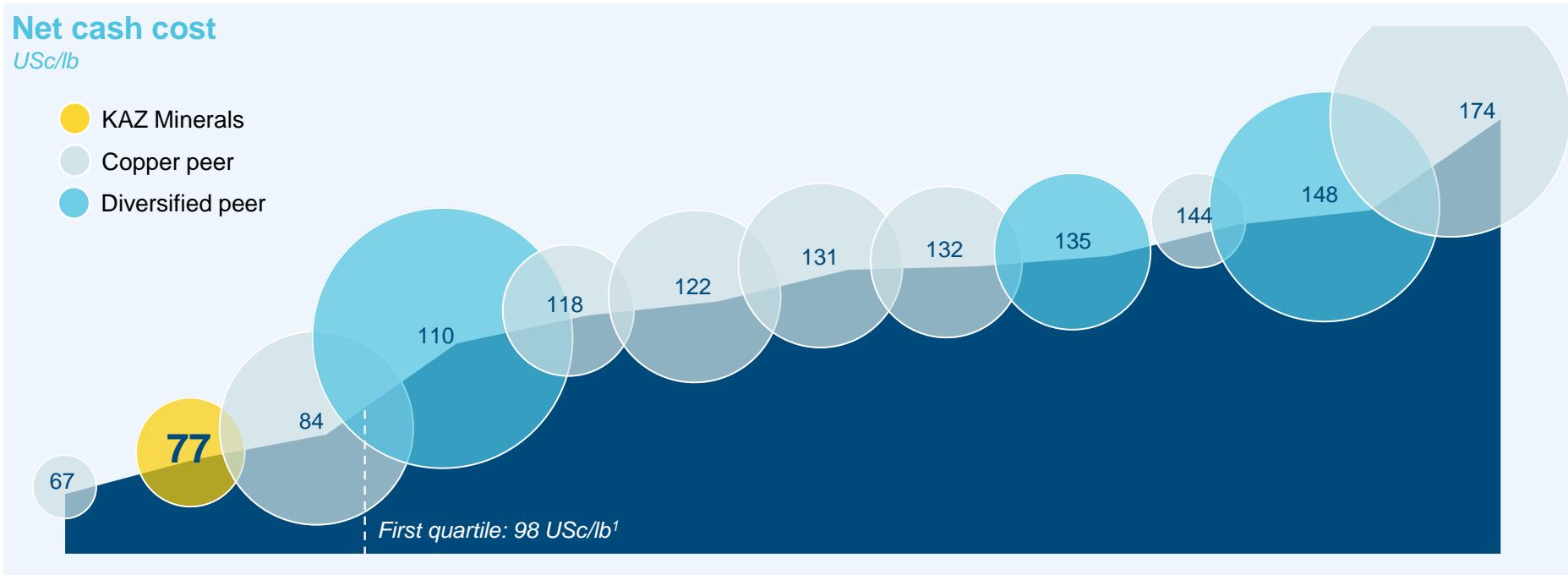
# INDUSTRY LEADING COST POSITION



## Net cash cost

USc/lb

- KAZ Minerals
- Copper peer
- Diversified peer



### Notes:

Size of circle indicates annual copper production volumes.

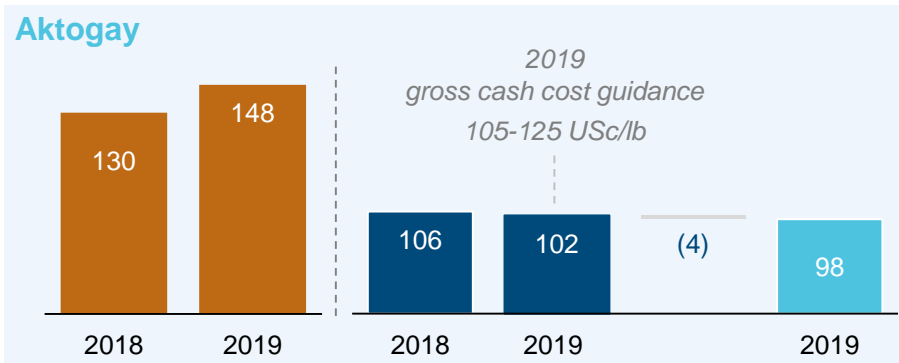
Source: Company data, most recently reported financial period.

1. Source: Wood Mackenzie. First quartile net cash cost cut-off was 98 USc/lb at 31 December 2019.

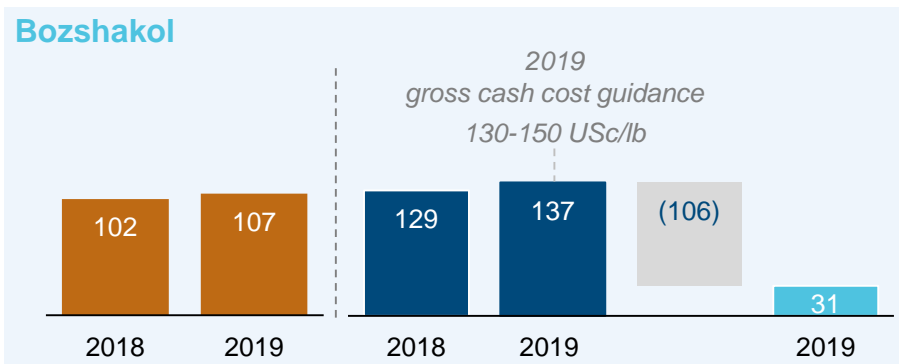
# COMPETITIVE UNIT COSTS



- Copper sales volumes (kt)
- Gross cash cost (USc/lb)
- By-product credit (USc/lb)
- Net cash cost (USc/lb)



- ▶ Unit costs reduced mainly due to higher production volumes
- ▶ Deferral of mill maintenance from December 2019 to January 2020 also reduced costs

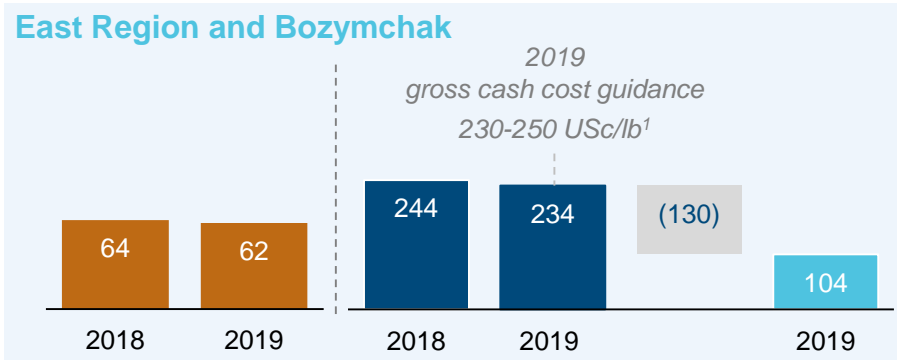


- ▶ Gross cash cost of 137 USc/lb includes 5 USc/lb associated with 26 koz gold bar inventory sale in H1 2019
- ▶ Inventory sale benefited net cash cost of 31 USc/lb by 9 USc/lb

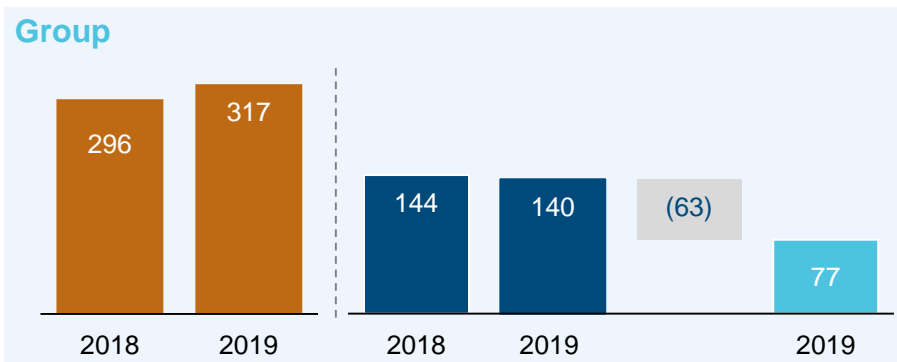
# COMPETITIVE UNIT COSTS (CONT'D)



- Copper sales volumes (kt)
- Gross cash cost (USc/lb)
- By-product credit (USc/lb)
- Net cash cost (USc/lb)



- ▶ High sales volumes, cost control actions and weaker tenge offset local inflation
- ▶ Gross and net cash cost benefited from sale of 7 kt of copper from inventory
- ▶ Net cash cost increased to 104 USc/lb (2018: 94 USc/lb) due to reduction in zinc revenues

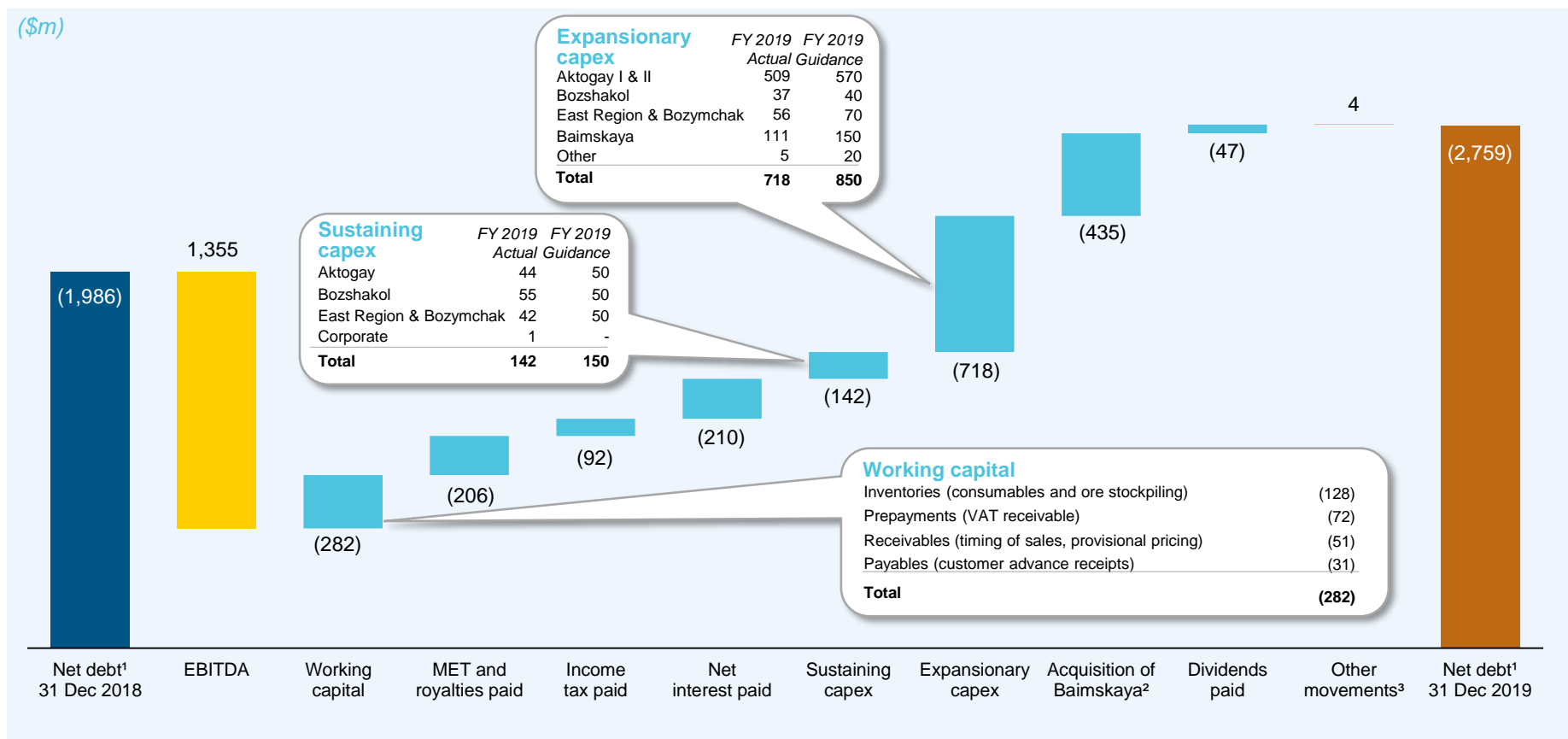


- ▶ Group net cash cost is amongst the lowest of pure-play copper producers globally at 77 USc/lb (2018: 85 USc/lb)

**Notes:**

1. Cost guidance lowered at H1 2019 from 260-280 USc/lb.

# MOVEMENT IN GROUP NET DEBT



## Notes:

1. The excess of borrowings over cash and cash equivalents and current investments.
2. Net of \$1 million cash acquired.
3. Includes \$45 million in respect of NFC's equity investment in Koksay, \$41 million of net VAT paid associated with major growth projects, foreign exchange and other movements.

# 2020 FINANCIAL GUIDANCE



| Gross cash cost<br>(USc/lb) |                | Sustaining capex<br>(\$m)  |            | Expansionary capex<br>(\$m)             |            |
|-----------------------------|----------------|----------------------------|------------|---|------------|
| Aktogay                     | <b>110-130</b> | Aktogay                    | <b>60</b>  | Aktogay II                              | <b>400</b> |
| Bozshakol                   | <b>130-150</b> | Bozshakol                  | <b>60</b>  | East Region<br>& Bozymchak <sup>1</sup> | <b>75</b>  |
| East Region<br>& Bozymchak  | <b>260-280</b> | East Region<br>& Bozymchak | <b>50</b>  | Baimskaya <sup>2</sup>                  | <b>150</b> |
|                             |                |                            |            | Other <sup>3</sup>                      | <b>20</b>  |
|                             |                | <b>Group</b>               | <b>170</b> | <b>Group</b>                            | <b>645</b> |

Notes:

1. Includes Artemyevsky underground mine extension of \$60 million and \$15 million for Bozymchak underground extension.
2. Capital expenditure of \$150 million approved in 2020 to complete feasibility study and continue pioneer works. Evaluating potential for additional equipment deliveries in 2020 shipping window.
3. Including Koksay.

## 4. Growth projects

ANDREW SOUTHAM

CHIEF EXECUTIVE OFFICER

# AKTOGAY II - LOW-RISK NEAR TERM GROWTH



- ▶ \$1.2 billion project approved in December 2017 to double sulphide ore capacity from 25 to 50 Mtpa by 2021
- ▶ Low-risk execution due to existing site infrastructure and identical concentrator design to Aktogay I and Bozshakol
- ▶ Adds c.80 kt of annual copper production from 2022-27 and c.60 kt from 2028 onwards
- ▶ Net cash cost 100-120 USc/lb<sup>1</sup>
- ▶ Remaining mine life of around 25 years

## Copper processing grade guidance<sup>2</sup>

2019-21

**c.0.50%**

2022-27

**c.0.40%**

Life of mine sulphide resource grade

**c.0.33%**

## Copper production guidance<sup>3</sup>

2022-27

**+80 ktpa**

2028+

**+60 ktpa**

### Notes:

1. Net cash cost guidance in USc/lb for the period 2022-27 in 2016 US dollar terms.
2. Combined guidance for Aktogay I and II sulphide grades.
3. Incremental production guidance for Aktogay II only.



# AKTOGAY II - PROJECT PROGRESS

## 2019 H2 key milestones

### Completed

- ▶ Main concentrator building areas enclosed ✓
- ▶ Ball Mill #1 and SAG Mill shell and heads installation ✓
- ▶ Towers for 220 and 35 kV power lines ✓
- ▶ Water supply pumphouses enclosed ✓

## Ongoing

- ▶ Primary crusher and conveyor
- ▶ Tailings thickeners
- ▶ Site railway extension to load out area
- ▶ Mine maintenance facilities
- ▶ Permanent camp upgrade

## Schedule

- ▶ Complete mill installations 2020
- ▶ First ore processed 2021



Mill installation works, January 2020

*Ball Mill #1 installation*



*Overland conveyor  
and crusher*



# BAIMSKAYA UPDATE

- ▶ Baimskaya is one of the world's largest undeveloped copper resources, with the potential to be a large scale, low cost open pit copper mine
- ▶ Bankable feasibility study in progress
  - Results expected to be announced later in H1 2020
- ▶ A full project update will be released together with the results of the feasibility study
- ▶ Capital expenditure of \$111 million in 2019
- ▶ Capital expenditure of \$150 million approved for 2020 to complete feasibility study and continue pioneer works
  - Evaluating potential for additional equipment deliveries in 2020 shipping window



*Peschanka ore samples, 2019*



## 5. Positioned for growth

# STRONG PLATFORM

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- ▶ World class open-pit copper mines, consistently achieving production targets
  - 311 kt copper production
  - 201 koz gold production
- ▶ \$1,355 million EBITDA at 60% margin
- ▶ Industry leading 77 USc/lb net cash cost
- ▶ \$1.7 billion of debt facilities signed in last nine months
- ▶ Proven project team with track record of delivery



# POSITIONED FOR GROWTH

- ▶ KAZ Minerals is a high growth, low cost copper producer generating significant cash flow
- ▶ Copper market fundamentals forecast deficit in coming decade, without supply from new projects
- ▶ Near term production growth from Aktogay expansion
- ▶ Long term production growth from Baimskaya copper project, in the first quartile of the cost curve<sup>1</sup>



*Generating value and volume over the long term, underpinned by structural demand growth for copper as the world transitions to a low carbon economy*

Notes:

1. The parameters of the project will be confirmed on completion of the feasibility study.

# Q&A







# APPENDIX

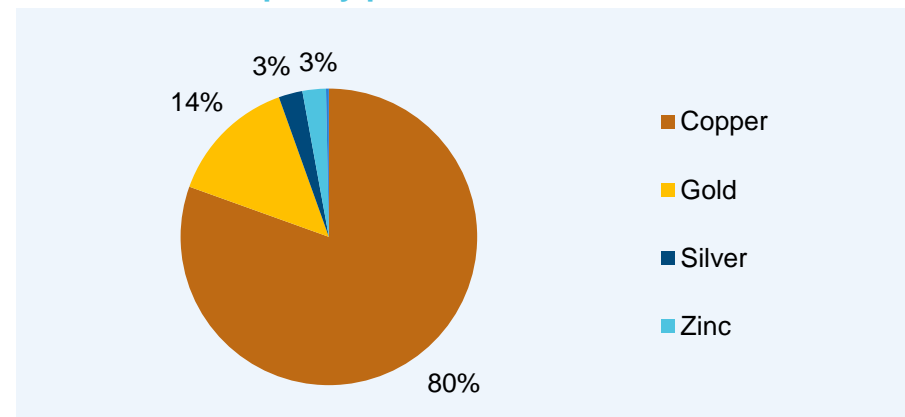
# SUMMARY INCOME STATEMENT



## Key line items

| \$m (unless otherwise stated)                        | 2019         | 2018         |
|--|--------------|--------------|
| <b>Revenues</b>                                      | <b>2,266</b> | <b>2,162</b> |
| Cost of sales  | (1,124)      | (1,077)      |
| <b>Gross profit</b>                                  | <b>1,142</b> | <b>1,085</b> |
| <b>Operating profit</b>                              | <b>923</b>   | <b>851</b>   |
| Net finance costs                                    | (177)        | (212)        |
| Net foreign exchange (loss)/gain                     | (20)         | 3            |
| <b>Profit before tax</b>                             | <b>726</b>   | <b>642</b>   |
| Income tax expense                                   | (155)        | (132)        |
| <b>Profit for the year</b>                           | <b>571</b>   | <b>510</b>   |
| <b>EPS based on Underlying Profit (\$) - basic</b>   | <b>1.21</b>  | <b>1.18</b>  |
| <b>EPS based on Underlying Profit (\$) - diluted</b> | <b>1.17</b>  | <b>1.18</b>  |

## 2019 revenues split by product



## Reconciliation of Underlying Profit

| \$m   | 2019       | 2018       |
|---|------------|------------|
| <b>Profit attributable to equity holders of the Company</b> | <b>571</b> | <b>510</b> |
| Special items within operating profit, net of tax           | -          | 20         |
| <b>Underlying Profit</b>                                    | <b>571</b> | <b>530</b> |

# REVENUES AND SALES VOLUMES



## Revenues

| \$m                   | 2019         | 2018         |
|-----------------------|--------------|--------------|
| Copper cathode        | 828          | 690          |
| Copper in concentrate | 996          | 1,087        |
| Gold bar              | 133          | 68           |
| Gold in concentrate   | 185          | 144          |
| Silver bar            | 40           | 40           |
| Silver in concentrate | 19           | 15           |
| Zinc in concentrate   | 58           | 101          |
| Other                 | 7            | 17           |
| <b>Total revenues</b> | <b>2,266</b> | <b>2,162</b> |

## Average realised prices

|  | 2019  | 2018  |
|--|-------|-------|
| Copper cathode (\$/t)                      | 6,027 | 6,531 |
| Copper in concentrate (\$/t) <sup>2</sup>  | 5,551 | 5,709 |
| Gold bar (\$/oz)                           | 1,374 | 1,265 |
| Gold in concentrate (\$/oz) <sup>2</sup>   | 1,443 | 1,258 |
| Silver bar (\$/oz)                         | 16.2  | 15.7  |
| Silver in concentrate (\$/oz) <sup>2</sup> | 16.7  | 15.3  |
| Zinc in concentrate (\$/t)                 | 1,548 | 2,015 |

## Sales volumes

| kt (unless otherwise stated)             | 2019  | 2018  |
|--|-------|-------|
| Copper cathode                           | 138   | 106   |
| Copper in concentrate <sup>1</sup>       | 179   | 190   |
| Gold bar (koz)                           | 97    | 54    |
| Gold in concentrate (koz) <sup>1</sup>   | 128   | 115   |
| Silver bar (koz)                         | 2,460 | 2,518 |
| Silver in concentrate (koz) <sup>1</sup> | 1,106 | 1,009 |
| Zinc in concentrate                      | 38    | 50    |

## Average LME and LBMA Prices

|                | 2019  | 2018  |
|----------------|-------|-------|
| Copper (\$/t)  | 6,000 | 6,526 |
| Gold (\$/oz)   | 1,393 | 1,268 |
| Silver (\$/oz) | 16.2  | 15.7  |
| Zinc (\$/t)    | 2,546 | 2,922 |

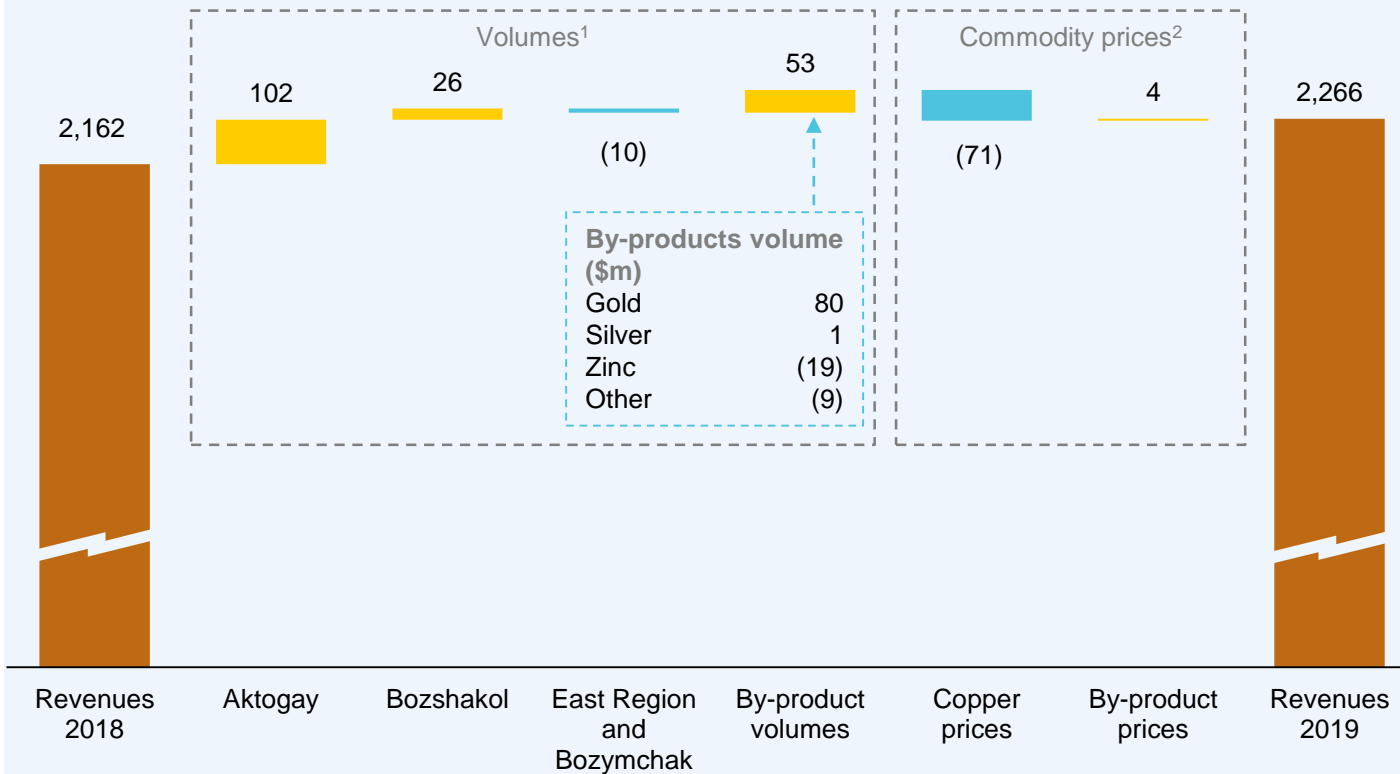
### Notes:

1. Payable metal in concentrate.
2. After the deduction of processing charges.

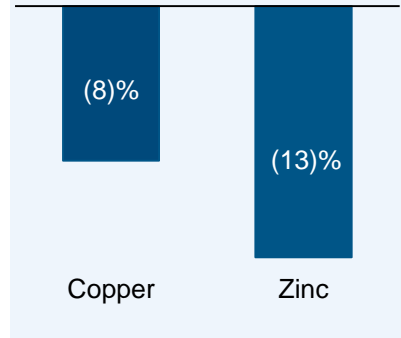
# REVENUE RECONCILIATION



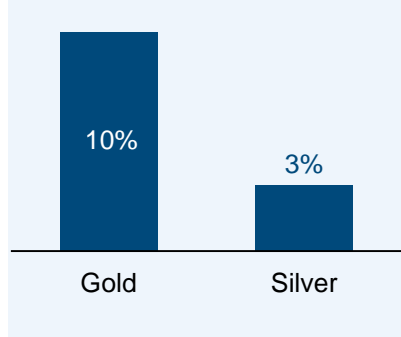
## Volume growth offset decrease in commodity prices (\$m)



## Average LME FY 2019 vs FY 2018



## Average LBMA FY 2019 vs FY 2018



### Notes:

1. Change in sales volumes at current year realised prices.
2. Change in realised prices applied to prior year sales volumes.

# CASH FLOW



| \$m   | 2019         | 2018         |
|---|--------------|--------------|
| <b>EBITDA<sup>1</sup></b>                                     | <b>1,355</b> | <b>1,310</b> |
| Change in working capital                                     | (282)        | (115)        |
| Interest paid   | (230)        | (229)        |
| MET and royalties paid  | (206)        | (208)        |
| Income tax paid   | (92)         | (95)         |
| Foreign exchange and other movements                          | 8            | 7            |
| Sustaining capital expenditure                                | (142)        | (85)         |
| <b>Free Cash Flow</b>   | <b>411</b>   | <b>585</b>   |
| Expansionary and new project capital expenditure              | (718)        | (530)        |
| Acquisition of Baimskaya copper project, net of cash acquired | (435)        | -            |
| Net VAT (paid)/received associated with major growth projects | (41)         | 3            |
| Interest received   | 20           | 32           |
| Dividends paid  | (47)         | (27)         |
| Other investments   | 45           | 10           |
| Other movements   | (3)          | (3)          |
| <b>Cash flow movement in net debt</b>                         | <b>(768)</b> | <b>70</b>    |

Notes:

1. EBITDA excludes MET, royalties and special items.

# SUMMARY BALANCE SHEET



## Assets

| \$m   | 2019         | 2018         |
|---|--------------|--------------|
| Non-current assets                                | 4,596        | 2,897        |
| Cash and cash equivalents and current investments | 541          | 1,469        |
| Other current assets                              | 929          | 674          |
| <b>Total</b>                                      | <b>6,066</b> | <b>5,040</b> |

## Non-current assets

| \$m                           | 2019         | 2018         |
|-------------------------------|--------------|--------------|
| Intangible assets             | 5            | 6            |
| Property, plant and equipment | 2,756        | 2,130        |
| Mining assets                 | 1,457        | 432          |
| Other non-current assets      | 338          | 301          |
| Deferred tax asset            | 40           | 28           |
| <b>Total</b>                  | <b>4,596</b> | <b>2,897</b> |

## Equity & liabilities

| \$m               | 2019         | 2018         |
|-------------------|--------------|--------------|
| Equity            | 2,174        | 1,054        |
| Borrowings        | 3,300        | 3,453        |
| Other liabilities | 592          | 533          |
| <b>Total</b>      | <b>6,066</b> | <b>5,040</b> |

## Net debt

| \$m   | 2019           | 2018           |
|---|----------------|----------------|
| Cash and cash equivalents and current investments | 541            | 1,469          |
| Less: restricted cash                             | -              | (2)            |
| Borrowings  | (3,300)        | (3,453)        |
| <i>Short-term</i>                                 | (545)          | (539)          |
| <i>Long-term</i>                                  | (2,755)        | (2,914)        |
| <b>Total</b>                                      | <b>(2,759)</b> | <b>(1,986)</b> |

# DEBT FACILITIES

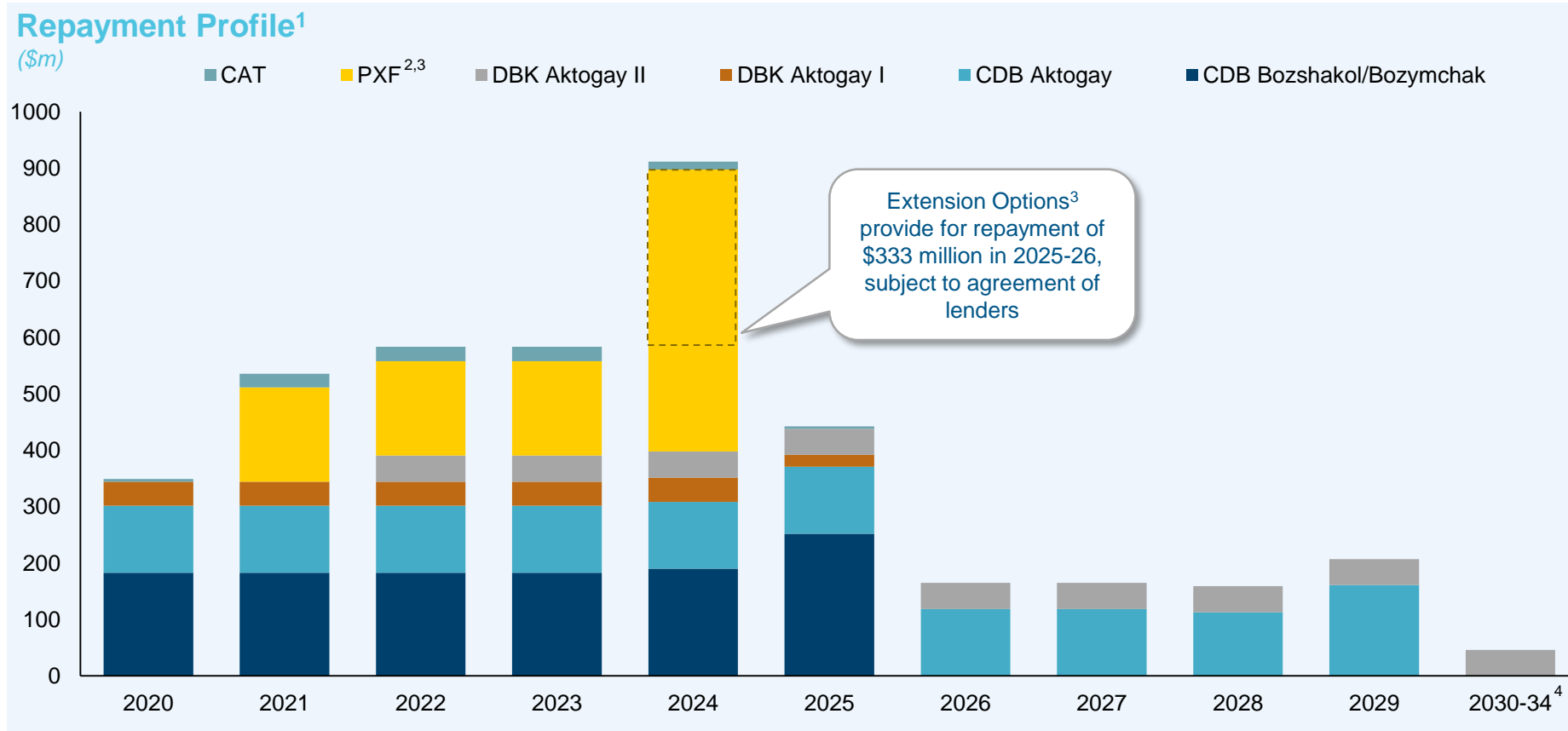


| Facility  | Balance <sup>1</sup><br>\$m, 31 Dec 19 | Undrawn<br>\$m        | Final<br>maturity | Interest rate   | Repayment details & covenants   |
|---|--|-----------------------|-------------------|---|---|
| <b>CDB Bozshakol/<br/>Bozymchak</b>                           | 1,174                                  | -                     | 2025              | ▶ \$ LIBOR + 4.50%  | ▶ Semi-annual principal and interest payments<br>▶ Balance sheet covenant   |
| <b>CDB Aktogay</b>  | 1,223                                  | -                     | 2029              | ▶ \$ LIBOR + 4.20% (USD facility)<br>▶ PBoC 5 year (RMB facility) | ▶ Semi-annual principal and interest payments <sup>2</sup><br>▶ Balance sheet covenant  |
| <b>DBK Aktogay I</b>  | 236                                    | -                     | 2025              | ▶ \$ LIBOR + 4.50%  | ▶ Semi-annual principal and interest payments<br>▶ Balance sheet covenant   |
| <b>DBK Aktogay II</b>   | 320                                    | 280 <sup>3</sup>      | 2034              | ▶ \$ LIBOR + 3.90%  | ▶ Repayments commence from 2022<br>▶ Semi-annual principal and interest payments<br>▶ Balance sheet covenant  |
| <b>PXF</b><br>▶ Amended \$1 billion PXF signed on 28 Jan 2020 | 300                                    | -<br>700 <sup>5</sup> | 2024 <sup>4</sup> | ▶ \$ LIBOR + 2.50%<br>▶ Variable range 2.25% to 3.50%             | ▶ Monthly interest payments and principal repayments commencing from January 2021<br>▶ Initial final maturity in December 2024, with extension options to December 2025 or December 2026<br>▶ Income statement covenant |
| <b>CAT</b><br>▶ \$100 million facility signed on 15 Nov 2019  | 74                                     | 26 <sup>3</sup>       | 2023-26           | ▶ \$ LIBOR + 3.00%<br>▶ Variable range 3.00% to 4.50%             | ▶ Quarterly principal repayments from December 2020, with final maturities between December 2023 and March 2026<br>▶ Income statement covenant  |

## Notes:

1. Drawn amount excludes arrangement fees.
2. RMB facility interest payments are quarterly.
3. Undrawn as at 31 December 2019.
4. Extendable up to 2026.
5. Undrawn as at 28 January 2020.

# ILLUSTRATIVE DEBT REPAYMENT PROFILE



**Notes:**

1. Assumes all available debt facilities are fully drawn, for illustrative purposes only. Actual loan balance may vary.
2. New \$1,000 million PXF facility is expected to be fully drawn in the first quarter of 2020.
3. Extension Options are exercisable on the first and second anniversaries of signing.
4. Average debt repayment per annum.



# GROUP CASH COST RECONCILIATION

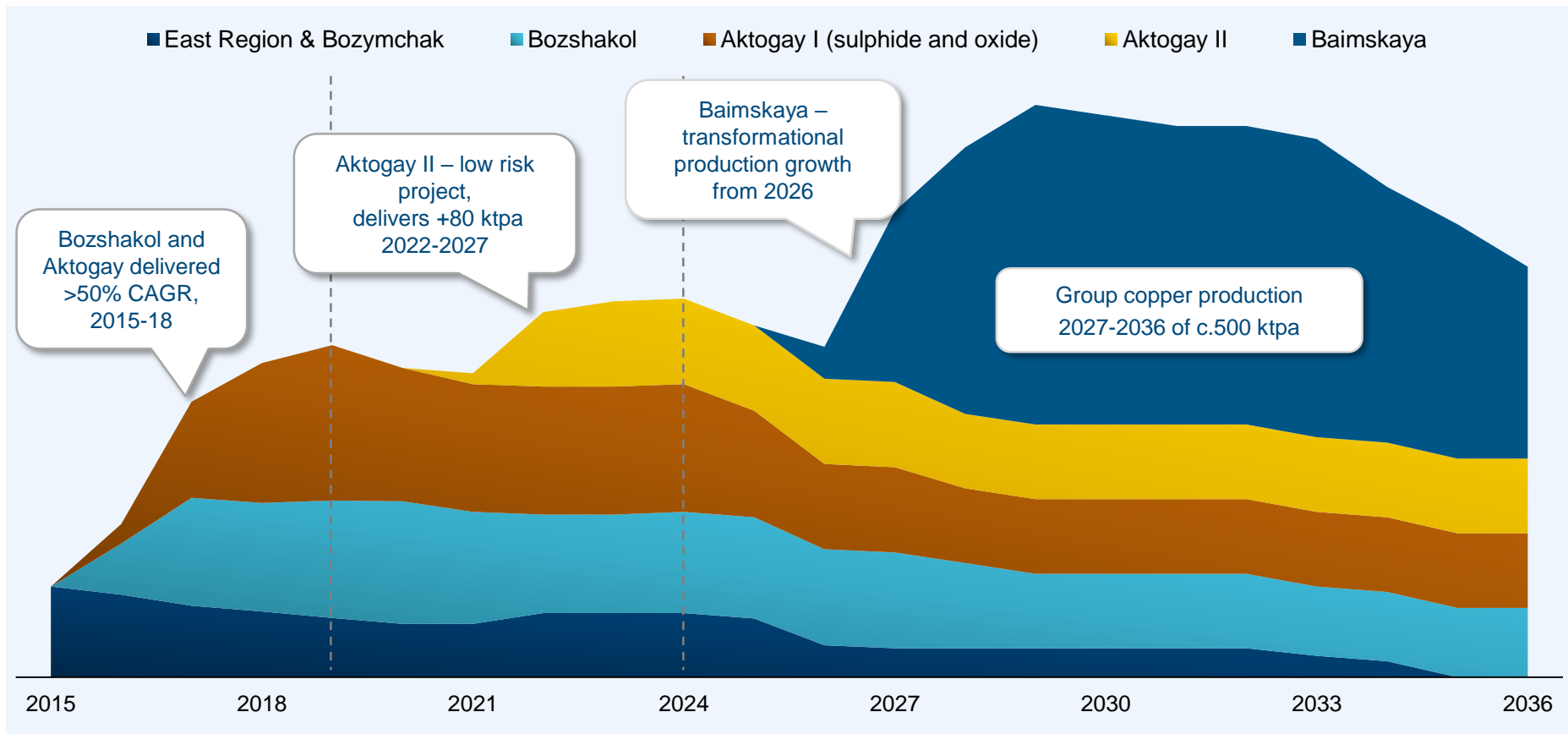


| \$m (unless otherwise stated)          | 2019       | 2018       | 2017 <sup>1</sup> | H2 2019    | H1 2019    | H2 2018    | H1 2018    | H2 2017 <sup>1</sup> | H1 2017 <sup>1</sup> |
|--|------------|------------|-------------------|------------|------------|------------|------------|----------------------|----------------------|
| Copper sales volumes (kt)              | 317        | 296        | 256               | 173        | 144        | 155        | 141        | 141                  | 115                  |
| Revenues                               | 2,266      | 2,162      | 1,663             | 1,214      | 1,052      | 1,064      | 1,098      | 942                  | 721                  |
| EBITDA <sup>2</sup>                    | (1,355)    | (1,310)    | (1,038)           | (735)      | (620)      | (620)      | (690)      | (609)                | (429)                |
| Pre-commercial production <sup>3</sup> | -          | -          | 78                | -          | -          | -          | -          | 38                   | 40                   |
| Corporate costs and other adjustments  | (37)       | (28)       | (25)              | (17)       | (20)       | (13)       | (15)       | (15)                 | (10)                 |
| TC/RCs on concentrate sales            | 104        | 115        | 98                | 57         | 47         | 58         | 57         | 53                   | 45                   |
| <b>Gross cash cost</b>                 | <b>978</b> | <b>939</b> | <b>776</b>        | <b>519</b> | <b>459</b> | <b>489</b> | <b>450</b> | <b>409</b>           | <b>367</b>           |
| <b>Gross cash cost (USc/lb)</b>        | <b>140</b> | <b>144</b> | <b>138</b>        | <b>136</b> | <b>144</b> | <b>143</b> | <b>145</b> | <b>132</b>           | <b>144</b>           |
| By-product credits                     | (442)      | (381)      | (406)             | (239)      | (203)      | (187)      | (194)      | (201)                | (205)                |
| Net cash costs                         | 536        | 558        | 370               | 280        | 256        | 302        | 256        | 208                  | 162                  |
| <b>Net cash cost (USc/lb)</b>          | <b>77</b>  | <b>85</b>  | <b>66</b>         | <b>73</b>  | <b>80</b>  | <b>88</b>  | <b>82</b>  | <b>67</b>            | <b>64</b>            |

## Notes:

1. Includes the results of pre-commercial production.
2. EBITDA excludes MET, royalties and special items.
3. Cash operating costs capitalised during pre-commercial production.

# NEAR AND LONG TERM GROWTH

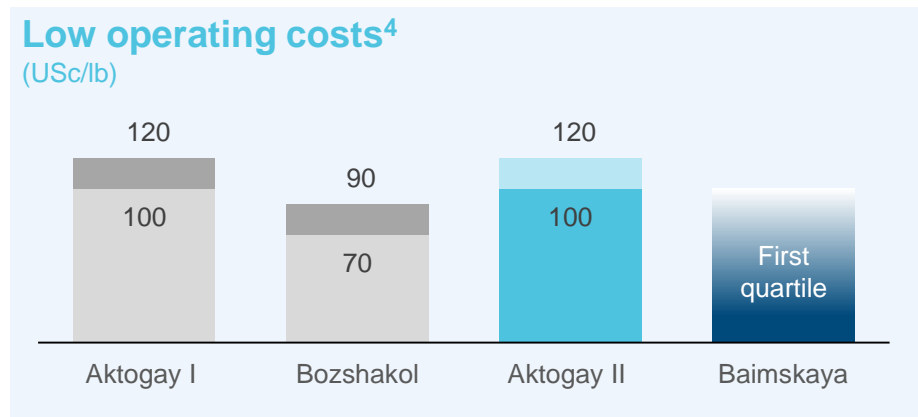
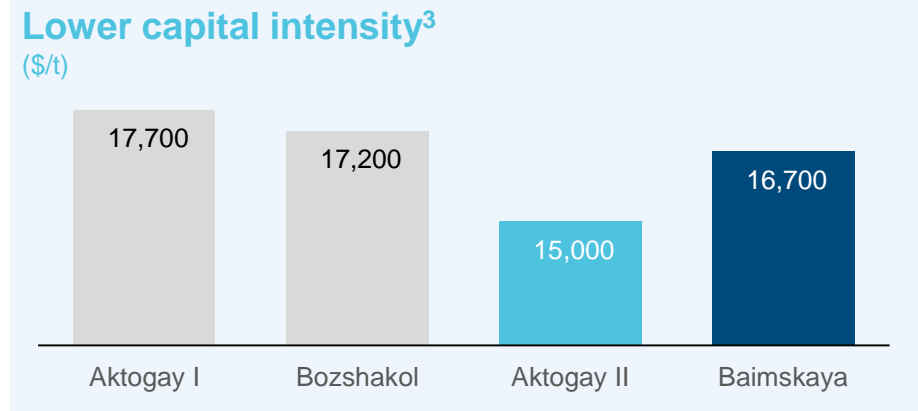


Notes:  
 Indicative production schedule, not to scale. Assumes 100% ownership, first production from Baimskaya in 2026 and ramp up from 2027. Actual construction timetable and production profile to <sup>41</sup> be determined during feasibility study.

# PORTFOLIO DELIVERS VALUE AND VOLUME



- ▶ Aktogay II and Baimskaya will significantly increase the Group's copper production<sup>1</sup> at a lower capital intensity than the previous major growth projects
- ▶ Economies of scale at Aktogay II will maintain cash costs at 100-120 USc/lb<sup>2</sup> out to 2027
- ▶ Baimskaya is expected to be in the first quartile of the global cost curve
- ▶ Both projects offer significant NPV uplift and attractive IRR

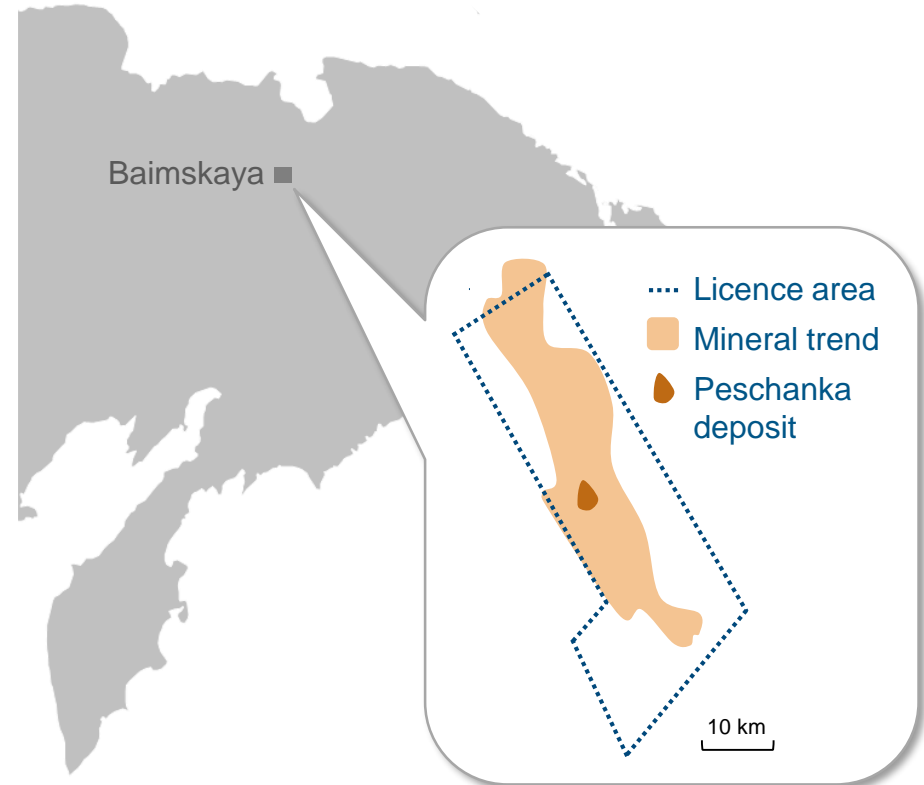


Notes:

1. Payable metal in concentrate and copper cathode from Aktogay oxide.
2. Cash operating costs, plus TC/RC on concentrate sales, less by-product revenues, divided by copper sales volume in 2016 US dollar terms.
3. Approximate capital expenditure per ktpa copper equivalent production calculated as capital expenditure divided by forecast annual copper equivalent production for the first 10 years after commissioning. Baimskaya project parameters subject to feasibility study.
4. Net cash cost guidance in USc/lb for the first 10 years of operations. Baimskaya operating costs subject to feasibility study.

# BAIMSKAYA PROJECT OVERVIEW

- ▶ The Group acquired the Baimskaya copper project for \$900 million in cash and shares in January 2019
  - \$675 million Initial Consideration plus Deferred Consideration of \$225 million
- ▶ Indicative \$5.5 billion nominal capex budget 2018-26<sup>1</sup>
- ▶ 60 Mtpa ore processing capacity, c.25 year mine life
- ▶ Average annual production<sup>2</sup> of 250 kt copper and 400 koz gold, copper equivalent 330 ktpa<sup>3</sup>
- ▶ First quartile net cash costs<sup>4</sup> over life of mine, higher grades in first ten years of operations
- ▶ Potential for resource expansion in c.1,300 sq. km licence area



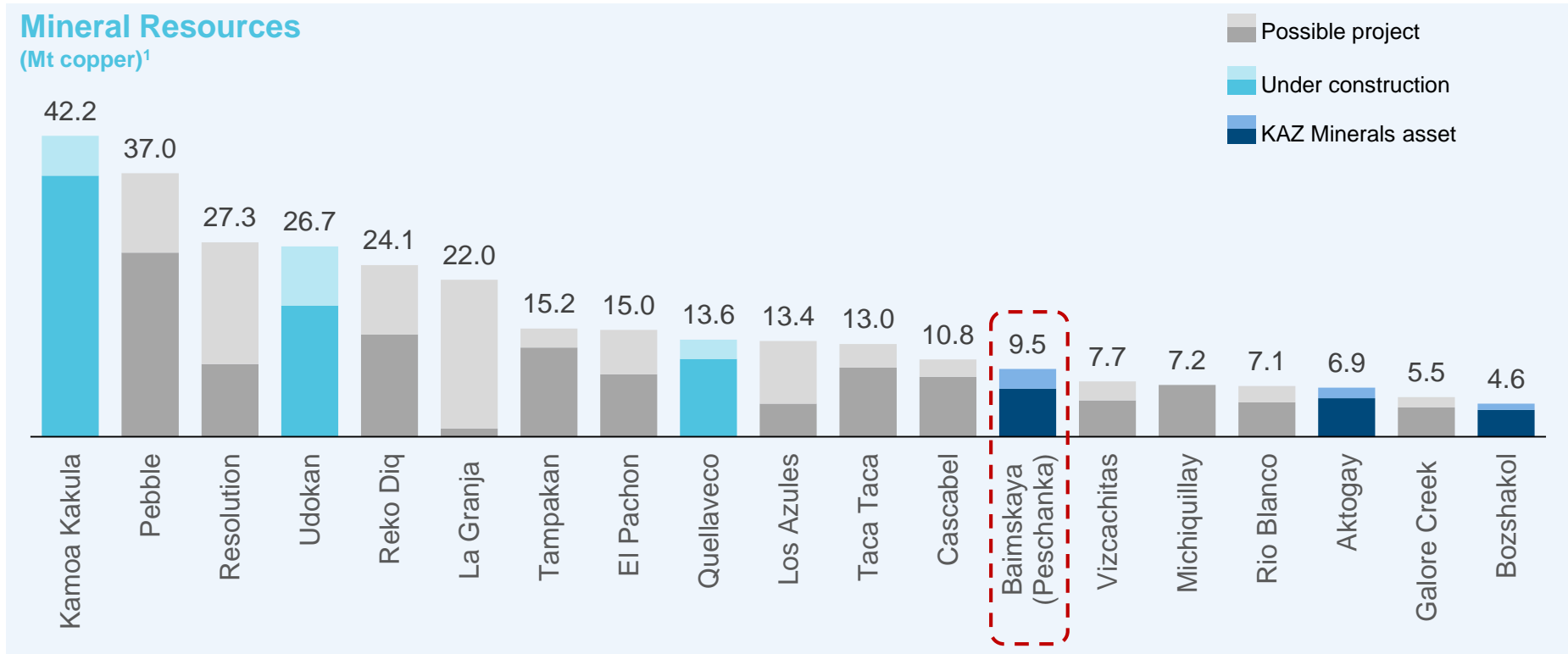
*Baimka mineral trend and licence area*

Notes:

The parameters of the project will be confirmed on completion of the feasibility study.

1. In nominal terms based on 100% share of development capital expenditure.
2. Payable metal in concentrate, average for first ten years of operations, based on 100% share of production.
3. Assuming analyst consensus long term copper price of 6,700 \$/t and gold price of 1,300 \$/oz.
4. Cash operating costs, plus TC/RC on concentrate sales, less by-product revenues, divided by copper sales volume.

# GLOBALY SIGNIFICANT COPPER RESOURCE



► The Peschanka deposit in the Baimskaya licence area ranks in the top 10 undeveloped greenfield copper projects globally

**Notes:**

1. Source: Company data. Mineral Resources include Measured and Indicated Resources (bottom bar) and Inferred Resources (top bar).

# INFRASTRUCTURE OVERVIEW

## Power

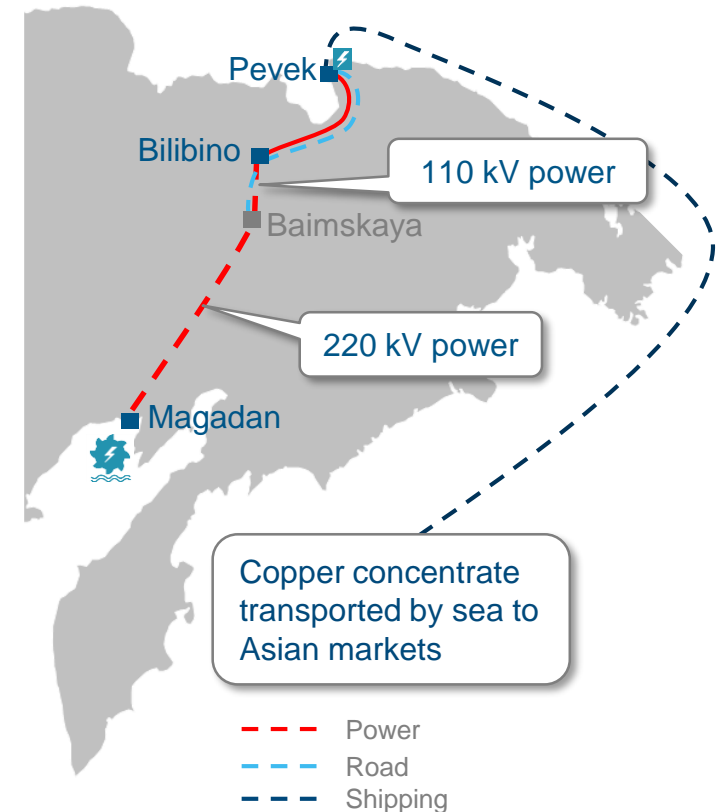
- ▶ Government funded 110 kV power line from Bilibino to Baimskaya
- ▶ Floating nuclear facility 'Akademik Lomonosov' installed in Pevek in Q4 2019
- ▶ 220 kV power line to Magadan for production phase

## Road

- ▶ Construction of government financed all-season Omolon-Anadyr highway progressing

## Shipping

- ▶ 2024 cargo target for Northern Sea Route set at 80 Mt



*110 kV power line  
and transformer  
August 2019*



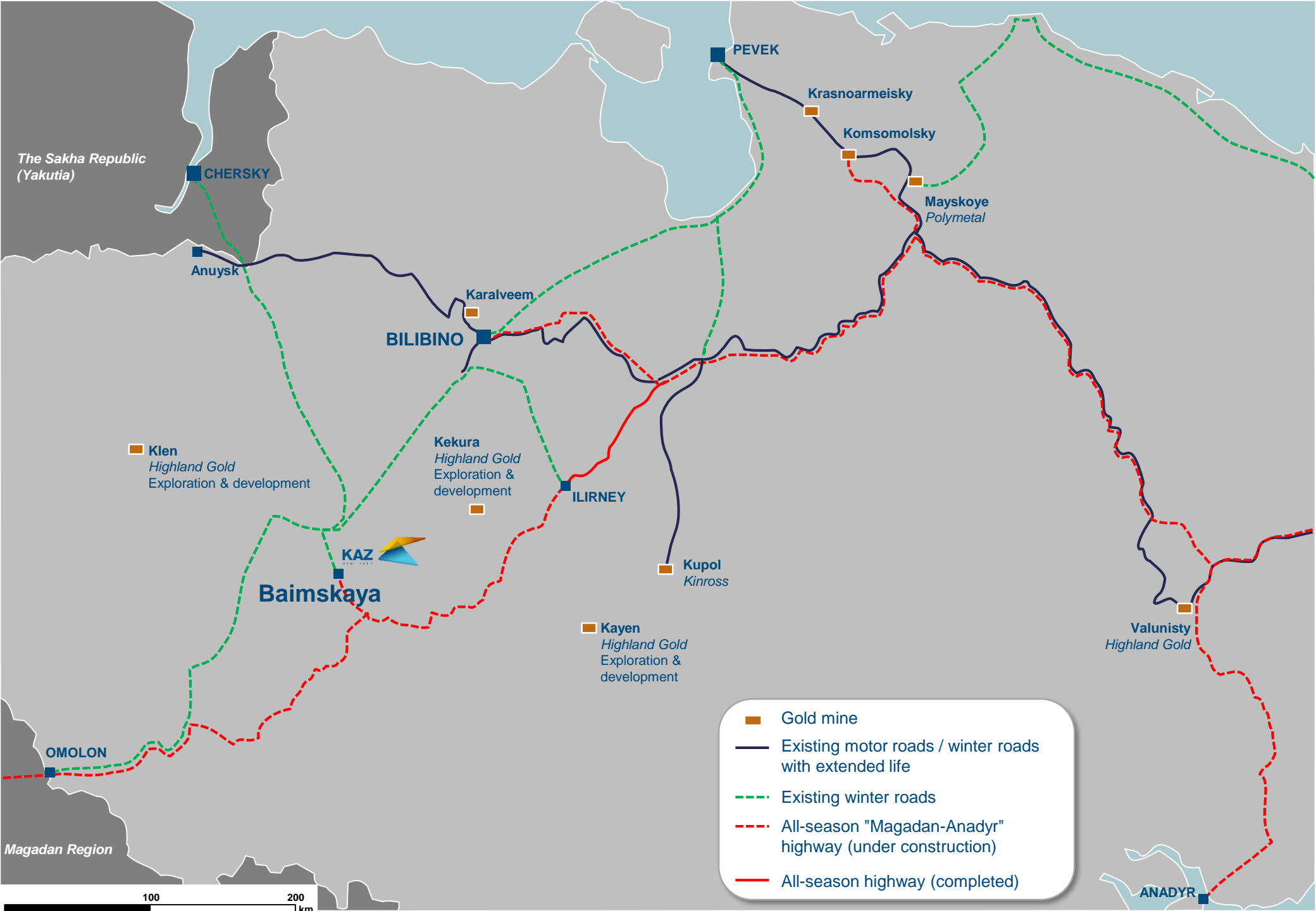
*Completed bridge at Ilirney  
August 2019*





*Floating nuclear power facility  
'Akademik Lomonosov'  
Murmansk, August 2019*





# TAILINGS FACILITIES



| Facility                  | Type       | First construction | Expected closure date | Status |
|---------------------------|------------|--------------------|-----------------------|--------|
| <b>Bozshakol</b>          | Downstream | 2016               | 2058                  | Active |
| <b>Aktogay</b>            | Downstream | 2017               | 2045                  | Active |
| <b>Bozymchak</b>          | Dry stack  | 2014               | 2032                  | Active |
| <b>East Region</b>        |            |                    |                       |        |
| Zhezkentsky               | Upstream   | 1989               | 2026                  | Active |
| Nikolayevsky <sup>1</sup> | Upstream   | 1980               | 2020 <sup>1</sup>     | Active |

Notes:

1. Artemyevsky mine transitioning in 2020 to in-pit tailings disposal in the Nikolayevsky open pit.



**KAZ Minerals PLC**  
**6th Floor, Cardinal Place**  
**100 Victoria Street**  
**London**  
**SW1E 5JL**  
**UK**

[www.kazminerals.com](http://www.kazminerals.com)