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BAIMSKAYA PROJECT UPDATE

In its announcement on 28 October 2020, the Independent Committee of KAZ Minerals PLC ("KAZ Minerals" or "the Group") stated that the risks to the Baimskaya project were significant and had recently increased, noting that discussions with the Russian government regarding the provision of transport and power infrastructure for the operational phase of the project were ongoing. The outcome of these discussions was uncertain and had the potential to further increase the capital and operating costs of the project.

Today the Ministry for the Development of the Russian Far East and Arctic has submitted for approval by the Prime Minister of the Russian Federation a multi-party Complex Development Plan ("CDP") for new infrastructure in the Chukotka region. The CDP includes infrastructure to be used by KAZ Minerals for the Baimskaya project.

Under the CDP, KAZ Minerals will now take responsibility for a portion of the infrastructure capital costs. Together with a revised cost for the tailings storage facility and the impact of an approximate one year delay to the project schedule, the capital construction budget for the Baimskaya project is now estimated to be close to \$8 billion.

Given the changes in the infrastructure plan, the bankable feasibility study ("BFS") is now expected to be completed in the first half of 2021. In light of the delay to the finalisation of the BFS, the Independent Committee is providing an update reflecting the Group's current understanding of the key parameters of the Baimskaya project ahead of the planned shareholder vote on the Acquisition of KAZ Minerals by Nova Resources B.V..

Michael Lynch-Bell, Senior Independent Director and Chair of the Independent Committee, said: "When recommending the offer from Nova Resources of 640p per share, the Independent Committee of KAZ Minerals stated that the risks on the Baimskaya project were increasing. The Complex Development Plan for Chukotka submitted today within the Russian government has resulted in higher infrastructure costs and a delay to the bankable feasibility study. Recognising that shareholders require up to date information on Baimskaya ahead of the planned vote on the offer, the Independent Committee has taken the decision to publish the latest available project parameters based on the study work completed to date."

Details of the Complex Development Plan

The CDP is an agreement co-authored by multiple public and private entities, including KAZ Minerals, which provides a high-level project plan to deliver infrastructure to the Chukotka region. The document incorporates target dates for activities by the Russian government and private and state-owned businesses, which may also require future agreements to implement. The key items of infrastructure required for the Baimskaya project contained in the CDP are set out below:

Power

A new Liquefied Natural Gas ("LNG") power plant is to be constructed at Cape Nagloynyn in Chaunskaya Bay for start-up in 2026. The CDP also includes the investigation of an alternative nuclear power station option at the same location. The regional government of Chukotka is to finance and construct power lines from Cape Nagloynyn to the Baimskaya project site, via Bilibino by 2026.

Port

The Russian government will construct sections of a new port facility at Cape Nagloynyn, to be completed by 2026, including dredging and facilities for the power plant. KAZ Minerals is now responsible for arranging the financing and construction of other sections of the port, including electrical infrastructure, port equipment and accommodation. The new port will receive supplies for the operating phase of the Baimskaya project, whilst also serving as the export route for copper concentrate to international markets.

Road

A 428 km permanent road linking the Baimskaya site to the new port has been split into two sections which are approximately equal in length. The first section, from Baimskaya to Bilibino, will now be financed and constructed by KAZ Minerals by 2024. The financing of the second section of the road, from Bilibino to Cape Nagloynyn, which is expected to have other users, remains under discussion.

Impact on KAZ Minerals' capital expenditure and bankable feasibility study timing

Whilst the Baimskaya project continues to benefit from strong support from the Russian government, under the CDP KAZ Minerals will now be responsible for sections of the port and a circa 200 km section of the permanent road. Initial estimates obtained from Russian design institutes indicate additional construction costs for KAZ Minerals to be in the region of \$600 million for this infrastructure.

The bankable feasibility study continues to progress. However, to accommodate changes to the infrastructure plan (for which certain items now fall under the responsibility of the KAZ Minerals' project team) and evaluate the resulting impact on the project, including a delay to the project schedule, the BFS is now expected to be completed in the first half of 2021.

Project parameters update

The Baimskaya project is now expected to commence production by the end of 2027 and have an annual ore processing capacity of 70 Mtpa. The BFS is being prepared with an initial mine life of approximately 20 years based on JORC measured and indicated resources. However, recent drilling indicates potential for the mine life to be extended by around 5 years. Life of mine copper and gold processing grades are estimated at 0.47% copper and 0.27 g/t gold respectively. The project will deliver elevated production and grades in the first five years and accordingly net cash costs are lower during this period.

Including the additional costs for external infrastructure now expected to be incurred by KAZ Minerals, a revised cost for the tailings storage facility and the impact of an approximate one year delay to the project schedule, the capital construction budget for the Baimskaya project is now estimated to be close to \$8 billion in nominal terms. The construction plan for the processing plant will ramp up the two lines in consecutive phases around 12 to 18 months apart with around 5% of the capital budget expected to be incurred after production commences from the first line. The project is expected to require sustaining capital expenditure of approximately \$70 million per annum in 2020 US dollar terms, with additional maintenance included in operating costs. As sales ramp up, timing differences between production and sales proceeds are expected to result in a peak working capital requirement of \$700 million in nominal terms over the initial years of operation.

The project is expected to apply for and receive TASED tax incentives and as a "new project" is expected to qualify for an exemption from the recent increase in MET for the first five years following commercial production.

A summary of the key project parameters is set out in the table below:

		Years 2-6 ¹	Years 7-11 ¹	Remaining mine life
Annual production²				
Copper	kt	320	280	240
Gold	koz	540	410	365
Silver	koz	5,100	4,500	3,600
Molybdenum	kt	6	5	5
<i>Copper Equivalent Production³</i>	<i>kt</i>	<i>470</i>	<i>400</i>	<i>345</i>
Processing grades				
Copper	%	0.58	0.47	0.40
Gold	g/t	0.36	0.25	0.22
Silver	g/t	3.16	2.63	2.10
Molybdenum	%	0.015	0.012	0.012
Costs⁴				
Net cash cost	US\$/lb	45	90	110

1. Years from commencement of production.

2. Payable metal in concentrate.

3. Copper production, plus gold, silver and molybdenum production, converted into copper units assuming analyst consensus long term average price forecasts of \$6,700/t for copper, \$1,500/oz for gold, \$18/oz for silver and \$20,000/t for molybdenum.

4. Stated in 2020 US dollar terms.

The stated parameters are an interim update reflecting the Group's current understanding of the Baimskaya project. Sections of the project have not yet been advanced to feasibility study level. The project schedule and budget remain

subject to change during ongoing work and review by the Project Assurance Committee's independent advisors, after the project team's completion of its study work. Future negotiations and agreements (including potential take or pay contracts) may also be required following the CDP to secure the external infrastructure, which could further impact the project's capital budget, operating costs and schedule.

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NOTES TO EDITORS

KAZ Minerals PLC ("KAZ Minerals" or "the Group") is a high growth copper company focused on large scale, low cost, open pit mining in Kazakhstan, Russia and Kyrgyzstan. It operates the Aktogay and Bozshakol open pit copper mines in the East Region and Pavlodar region of Kazakhstan, three underground mines and associated concentrators in the East Region of Kazakhstan and the Bozymchak copper-gold mine in Kyrgyzstan. In 2019, total copper production was 311 kt with by-products of 201 koz of gold, 3,382 koz of silver and 38 kt of zinc in concentrate. The Group acquired the Baimskaya project in the Chukotka region of Russia in January 2019, 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 major operations at Aktogay and Bozshakol have delivered industry leading production growth and transformed KAZ Minerals into a company dominated by world class, open pit copper mines.

Aktogay is a large scale, open pit mine with a remaining mine life of around 25 years (including the expansion project) at an average copper grade of 0.35% (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 is expected to 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 is expected to 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 is expected to be in the region of 20 kt per annum until 2024.

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 c.40 years at an average copper grade of 0.36%. The mine and processing facilities commenced output in 2016 and is expected to produce an average of 100 kt of copper production and 120 koz of gold in concentrate per year over the first 10 years of operations.

The Peschanka deposit within the Baimskaya licence area in Russia has JORC measured, indicated and inferred 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 project is located in a region identified by the Russian Government as strategically important for economic development and is expected to benefit from the construction of some state-funded power and transport infrastructure and the provision of tax incentives. The estimated capital budget for construction is close to \$8 billion.

KAZ Minerals is listed on the London Stock Exchange and the Kazakhstan Stock Exchange and employs around 15,755 people, principally in Kazakhstan.

Recommended Offer: On 28 October 2020, the board of Nova Resources B.V. ("Nova") and the Independent Committee of KAZ Minerals announced that they have reached agreement on the terms of a recommended cash offer to be made by Nova for the entire issued and to be issued share capital of KAZ Minerals ("the Acquisition"). Under the terms of the Acquisition, KAZ Minerals Shareholders will be entitled to receive 640 pence in cash for each KAZ Minerals Share. The Independent Committee, which has been so advised by Citigroup and UBS as to the financial terms of the Acquisition, considers the terms of the Acquisition to be fair and reasonable and intends unanimously to recommend that KAZ Minerals Shareholders vote in favour of the Scheme. The Acquisition is currently expected to become Effective in the first half of 2021, subject to the approval of the KAZ Minerals Shareholders, receipt of the relevant antitrust clearances and regulatory approvals and the sanction of the Scheme by the Court.

This announcement contains inside information.

Unless otherwise defined, capitalised terms shall have the meanings given to them in the ‘Recommended Cash Acquisition of KAZ Minerals PLC by Nova Resources B.V.’ announcement, released on 28 October 2020.

Baimskaya or Baimskaya project

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

Bankable feasibility study (“BFS”)

the feasibility study for the Baimskaya copper project

g/t

grammes per metric tonne

kt

thousand metric tonnes

koz

thousand ounces

Liquefied Natural Gas or LNG

liquefied natural gas

lb

pound, unit of weight

MW

Megawatt

Mt

million metric tonnes

Mtpa

million metric tonnes per annum

net cash costs

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

ounce or oz

a troy ounce, which equates to 31.1035 grammes

t

metric tonnes

TASED

a territory of accelerated social and economic development

USc/lb

US cents per pound