



**KAZ**  
MINERALS



# 2020 Full Year Results

Track record of delivery



# IMPORTANT NOTICE

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All financial definitions can be found in the glossary to the KAZ Minerals Preliminary Results Announcement for the year ended 31 December 2020.

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# AGENDA

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- |                         |                |     |
|-------------------------|----------------|-----|
| 1. 2020 highlights      | Andrew Southam | CEO |
| 2. Review of operations | Andrew Southam | CEO |
| 3. Growth projects      | Andrew Southam | CEO |
| 4. Financial update     | John Hadfield  | CFO |
| 5. Summary              | Andrew Southam | CEO |
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# 1. 2020 highlights

ANDREW SOUTHAM

CHIEF EXECUTIVE OFFICER

# OFFER UPDATE

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- ▶ Revised Recommended Offer from Nova Resources of 780 pence in cash for each KAZ Minerals share announced on 4 February 2021
- ▶ Nova Resources' existing interest in KAZ Minerals, combined with irrevocable undertakings to accept the offer represent approximately 50.02% of the existing share capital of KAZ Minerals
- ▶ Offer Document, including the timetable, posted on 8 February 2021
- ▶ First closing date of the Recommended Offer is 9 March 2021

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## Notes:

Unless otherwise stated, capitalised terms used in this presentation have the same meanings as those in the Preliminary Results Announcement, published 25 February 2021.

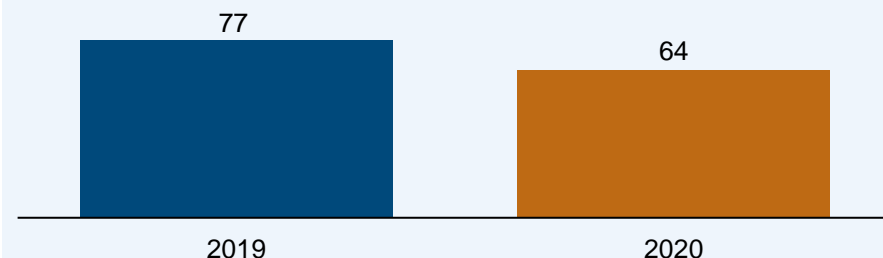
# 2020 RESULTS HIGHLIGHTS



- ▶ Copper production<sup>1</sup> 306 kt, 2% above guidance range
- ▶ Rapid response to Covid-19 minimised disruption
- ▶ Strong Free Cash Flow<sup>2</sup> and low operating costs
  - Net cash costs reduced 17% to 64 USc/lb
- ▶ Revenues increased 4% to \$2,355 million (2019: \$2,266 million)
- ▶ EBITDA<sup>3</sup> increased 6% to \$1,431 million (2019: \$1,355 million)
- ▶ Continued progress on growth projects
  - Aktogay expansion on track for end of 2021
  - Baimskaya Bankable Feasibility Study expected in H1 2021
- ▶ No final dividend due to Recommended Offer

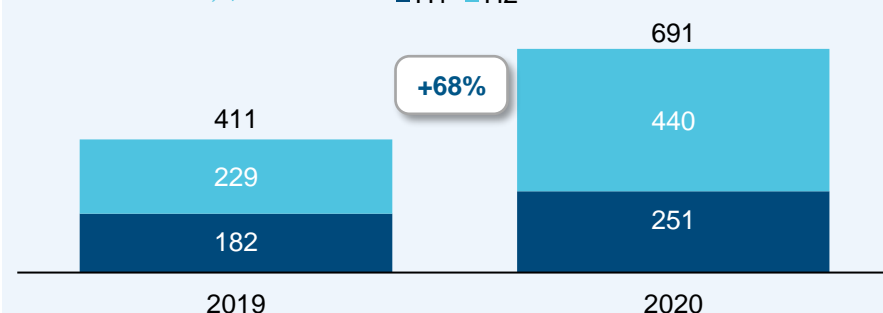
## Low cost position maintained

Net cash costs<sup>4</sup>, USc/lb



## Strong cash flow generation

Free Cash Flow<sup>2</sup>, \$m



### Notes:

1. Payable metal in concentrate and copper cathode from Aktogay oxide ore.
2. Net cash flows from operating activities before capital expenditure and VAT associated with major growth projects, less sustaining capital expenditure.
3. Excluding MET, royalties and special items.
4. Cash operating costs, plus TC/RC on concentrate sales, less by-product revenues, divided by copper sales volumes.

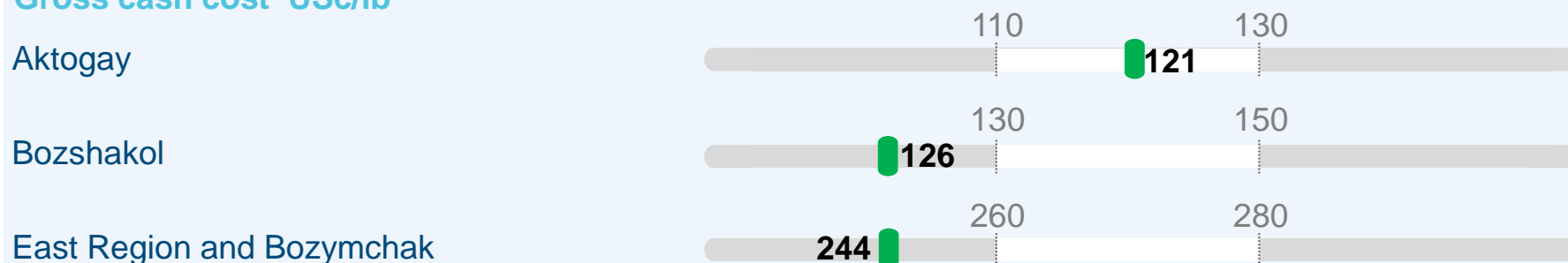
# DELIVERING AGAINST OUR INITIAL GUIDANCE



## Production



## Gross cash cost<sup>5</sup> USc/lb



### Notes:

1. Payable metal in concentrate and copper cathode from Aktogay oxide ore.
2. Payable metal in concentrate.
3. Payable metal in concentrate. Production guidance for silver increased during Q3 2020 to c.3,500 koz.
4. Zinc in concentrate. Production guidance for zinc increased during Q3 2020 to 45-50 kt.
5. Cash operating costs, plus TC/RC on concentrate sales, divided by copper sales volumes. Bozshakol and East Region and Bozymchak cost guidance lowered at H1 2020 to 120-140 USc/lb and 250-270 USc/lb, respectively.

# SAFETY AND HEALTH

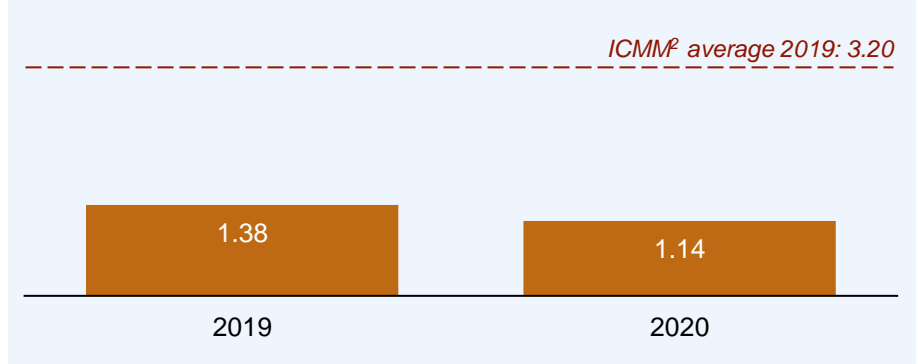


- ▶ Three fatalities at East Region underground mines and one contractor fatality at the Aktogay expansion project (2019: 2 at East Region underground mines)
  - No fatality is acceptable, the Group believes all are avoidable
  - Zero fatalities occurred in open pit operations; 68 million hours worked since production commenced
  - Record LTI-free intervals achieved at open pit mining operations

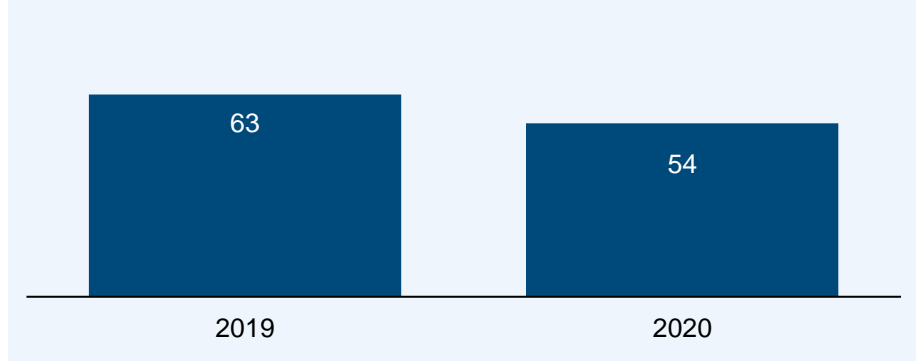
## Safety improvement

- ▶ New initiative launched to reinforce focus on leading indicators and hazard identification
- ▶ Enhancements to pre-shift medical checks, blasting safety, workplace supervision and individual risk assessments
- ▶ Covid-19 was occupational health focus in 2020

## Total Recordable Injury Frequency Rate<sup>1</sup>



## Total Recordable Injuries



### Notes:

1. Total Recordable Injury Frequency Rate or TRIFR is the number of Recordable Injuries occurring per million hours worked.
2. International Council on Mining and Metals.



# COVID-19 RESPONSE



- ▶ Pre-emptive control measures were introduced at the onset of the pandemic
- ▶ Restricted site access at Aktogay and Bozshakol from 22 March until the end of May, extended rotations
- ▶ New testing, isolation and shift patterns mitigate risk
- ▶ c.\$40 million of Covid-19 related costs were incurred in 2020 to sustain safe operations
- ▶ On-site PCR<sup>1</sup> testing facility installed at Aktogay in July
- ▶ Increased stocking of critical spares and consumables

## Employee feedback

*“The company has taken all possible preventative measures to avoid the virus entering the asset, taking care of the health of employees, providing everything necessary.”*

*“I believe that the company has done everything possible to provide social protection for its employees. Not every company will take steps like ours. It inspires trust and respect.”*

## The Group delivered for its stakeholders:

- ✓ Prioritised welfare of employees and contractors
- ✓ Headcount and salaries maintained
- ✓ Sustained output at all operations provided royalties and tax payments
- ✓ Provided support to local communities and national efforts to mitigate the effects of the virus
- ✓ Fulfilled all contractual obligations to customers

### Notes:

1. Polymerase chain reaction.

## **2. Review of operations**

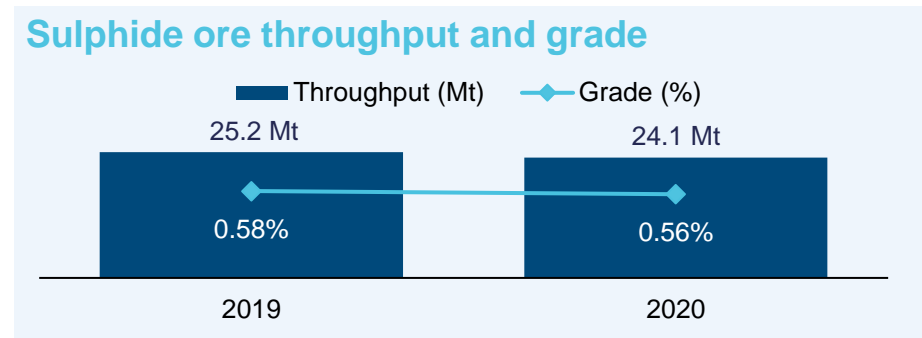
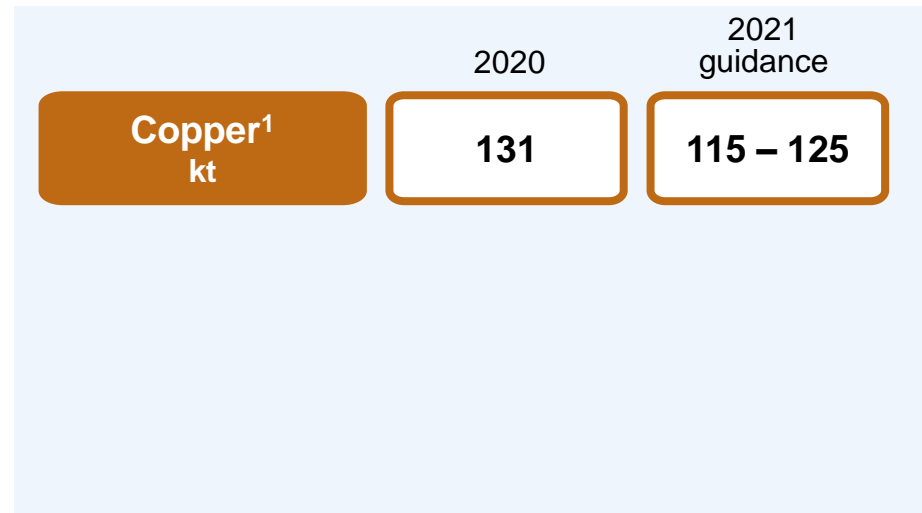
**ANDREW SOUTHAM**

CHIEF EXECUTIVE OFFICER

# AKTOGAY OPERATIONS



- ▶ 2020 copper production<sup>1</sup> 131.2 kt, including 21.3 kt from oxide (2019: 145.7 kt, 22.7 kt from oxide)
  - Exceeded guidance of 120-130 kt, supported by higher than expected grades
  - 24.1 Mt sulphide ore processed (2019: 25.2 Mt), recovery rate 85.0% (2019: 88.0%)
  
- ▶ 2021 copper guidance set at 115-125 kt, including c.20 kt from oxide
  - Lower grades expected in 2021 compared to 2020, as grades reduce towards the life of mine average



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

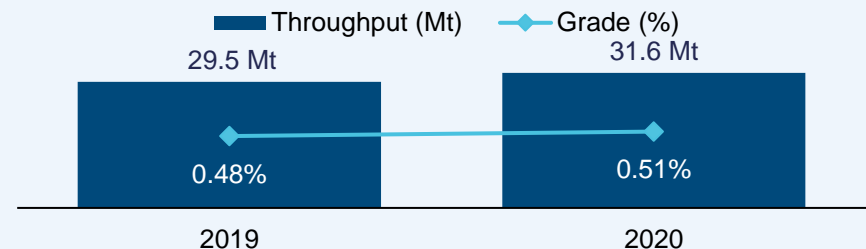
# BOZSHAKOL OPERATIONS



- ▶ 2020 copper production<sup>1</sup> of 122.0 kt (2019: 110.2 kt), supported by higher average grades and ore throughput
  - Above guidance of 110-120 kt
  - 31.6 Mt ore processed (2019: 29.5 Mt), recovery rate 79.7% (2019: 81.1%)
- ▶ Gold output increased 5% to 151.7 koz (2019: 144.8 koz), due to increased throughput, offset by lower gold grades of 0.26 g/t (2019: 0.27 g/t)
- ▶ 2021 copper guidance set at 110-120 kt, gold guidance at 120-130 koz, as grades reduce towards the life of mine average

	2020	2021 guidance
<b>Copper<sup>1</sup></b> kt	<b>122</b>	<b>110 – 120</b>
<b>Gold<sup>1</sup></b> koz	<b>152</b>	<b>120 – 130</b>
<b>Silver<sup>1</sup></b> koz	<b>949</b>	<b>c.800</b>

## Sulphide ore throughput and grade



Notes:

1. Payable metal in concentrate.

# EAST REGION AND BOZYMCHAK OPERATIONS



- ▶ Copper production<sup>1</sup> of 52.5 kt (2019: 55.5 kt), reflecting lower processing volumes
  - Copper output was above guidance of c.50 kt
  - By-product output in line with guidance<sup>3</sup>
- ▶ Bozymchak mine operations suspended from 7 October to 26 December 2020 to ensure employee safety during a period of political instability in Kyrgyzstan
- ▶ 2021 copper production guidance set at c.50 kt
  - Silver and zinc guidance below 2020 output due to lower grades

	2020	2021 guidance
<b>Copper<sup>1</sup></b> kt	<b>53</b>	<b>c.50</b>
<b>Gold<sup>1</sup></b> koz	<b>44</b>	<b>40 – 50</b>
<b>Silver<sup>1</sup></b> koz	<b>1,946</b>	<b>c.1,600</b>
<b>Zinc<sup>2</sup></b> kt	<b>50</b>	<b>c.40</b>

Notes:

1. Payable metal in concentrate.
2. Zinc in concentrate.
3. Production guidance for zinc in concentrate and silver increased during Q3 2020 to 45-50 kt and c.2,000 koz, respectively.



# 2021 GROUP PRODUCTION GUIDANCE



	Aktogay	Bozshakol	East Region & Bozymchak	Group
Copper <sup>1</sup> kt	115 – 125 <sup>2</sup>	110 – 120	c.50	275 – 295
Gold <sup>3</sup> koz		120 – 130	40 – 50	160 – 180
Silver <sup>3</sup> koz	c.400	c.800	c.1,600	c.2,800
Zinc <sup>4</sup> 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. Growth projects

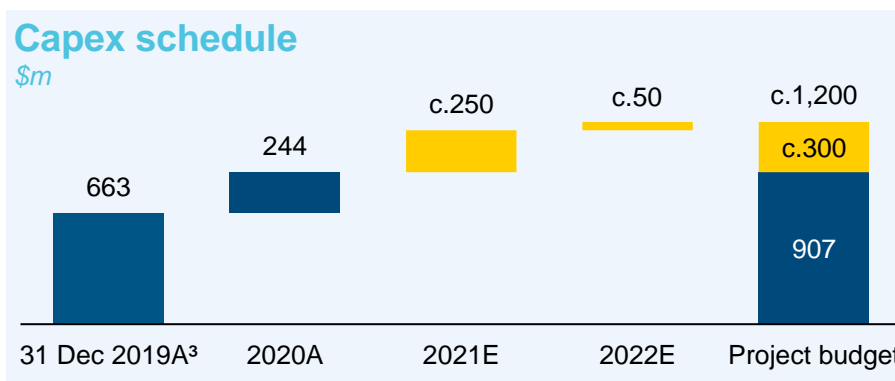
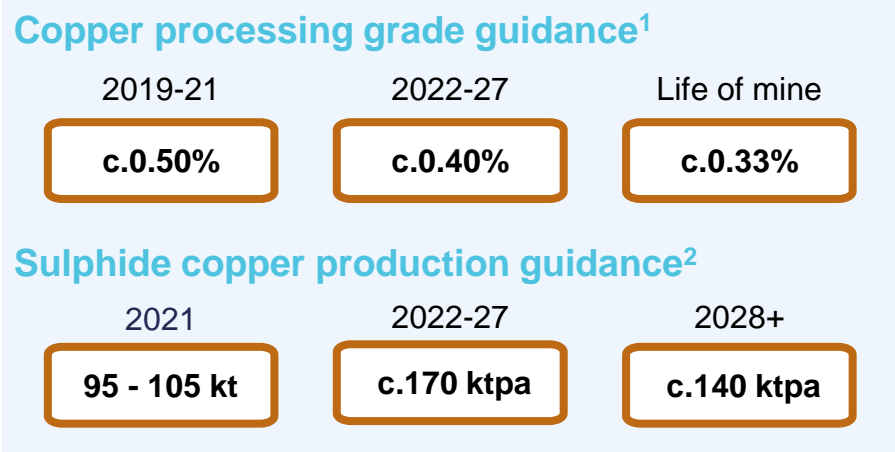
ANDREW SOUTHAM

CHIEF EXECUTIVE OFFICER

# AKTOGAY EXPANSION ON TRACK



- ▶ Low risk expansion project will double sulphide ore capacity from 25 to 50 Mtpa
- ▶ Adds c.80 kt of annual copper production from 2022-27 and c.60 kt from 2028 onwards
- ▶ On track for completion in 2021 as previously guided, with first production expected in late 2021
- ▶ 2021 capex guidance c.\$250 million with retention payments of c.\$50 million expected in 2022
  - Total project budget unchanged, c.\$1.2 billion



Notes:

1. Combined guidance for Aktogay I and II sulphide grades.
2. Payable copper production from sulphide ore for Aktogay I and II combined. Excludes copper cathode production from oxide ore, which is expected to be in the region of 20 kt per annum until 2024.
3. \$663 million includes \$204 million relating to 31 Dec 2018.

# AKTOGAY EXPANSION PROJECT PROGRESS

## 2020 key milestones

- ▶ Primary crusher and conveyors ✓
- ▶ SAG and Ball Mill #1 Gearless Mill Drive installed ✓
- ▶ Flotation cells ✓
- ▶ Stockpile reclaim system ✓
- ▶ Permanent camp - 75% ✓
- ▶ Power supply - 220kV power line site substation, 35kV site distribution line ✓

## Completed

## Ongoing

- ▶ Pebble crusher
- ▶ HPGR<sup>1</sup>
- ▶ Tailings thickeners and pump house
- ▶ Filtration and bagging plant



*Aktogay Ball Mills, January 2021*

Notes:

1. High Pressure Grinding Rolls.



*SAG and Ball Mills*  
*January 2021*

**150/10t**



**EUROCRANE**

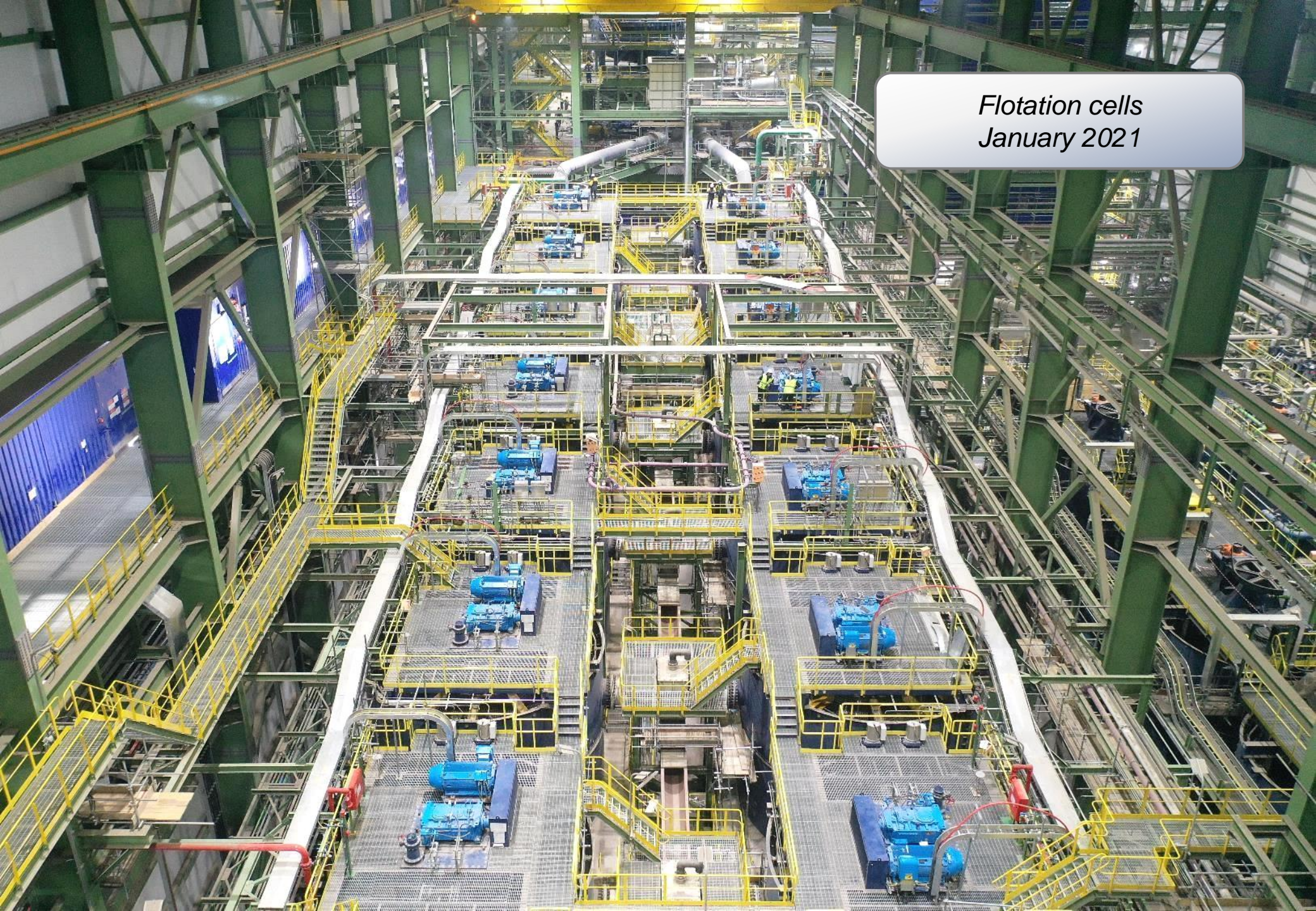
**120/10t**

**EUROCRANE**

**30t**



*Flotation cells  
January 2021*





*Primary crusher  
January 2021*





*Concentrator aerial view  
January 2021*





# BAIMSKAYA PROJECT UPDATE



- ▶ Project update, including key parameters, issued on 18 November 2020:
  - Estimated total capital budget close to \$8 billion<sup>1</sup>
    - KAZ Minerals will take responsibility for a portion of infrastructure costs, estimated at around \$600 million
  - Production expected to commence by the end of 2027
  - A Complex Development Plan (“CDP”) for new infrastructure in the Chukotka region has been submitted for approval by the Prime Minister of Russia
- ▶ Capital expenditure guidance in 2021 of \$175 million, primarily to fund the finalisation of the Bankable Feasibility Study during the first half of 2021 and to continue detailed engineering and pioneer works to maintain the project schedule

## Key parameters

		Years 2-6 <sup>2</sup>	Years 7-11 <sup>2</sup>	Remaining mine life
<b>Annual production<sup>3</sup></b>				
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 Production<sup>4</sup></i>	kt	<i>470</i>	<i>400</i>	<i>345</i>
<b>Processing grades</b>				
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
<b>Costs<sup>5</sup></b>				
Net cash cost	USc/lb	45	90	110

### Notes:

1. In nominal terms based on 100% share of development capital expenditure, based on current Bankable Feasibility Study work.
2. Years from commencement of production.
3. Payable metal in concentrate.
4. Copper production, plus gold, silver and molybdenum production, converted into copper units assuming 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. Based on current Bankable Feasibility Study work.
5. Stated in 2020 US dollar terms.

# COMPLEX DEVELOPMENT PLAN

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- ▶ Provides high level infrastructure plan in the Chukotka region
- ▶ Incorporates target dates for activities by the Russian government and private and state-owned businesses

## Power

- ▶ LNG<sup>1</sup> and nuclear power station options under investigation and to be constructed at Cape Nagloynyn<sup>2</sup>
- ▶ Power lines from Cape Nagloynyn to Baimskaya will be financed and constructed by the government
- ▶ Further agreements with the Russian government, expected to include significant take or pay contracts, will be required to secure the construction of the infrastructure for the project

## Port

- ▶ Government will construct sections of a new port at Cape Nagloynyn, including dredging and power facilities
- ▶ KAZ Minerals is responsible for arranging financing and construction of other port sections, including electrical infrastructure, port equipment and accommodation

## Road

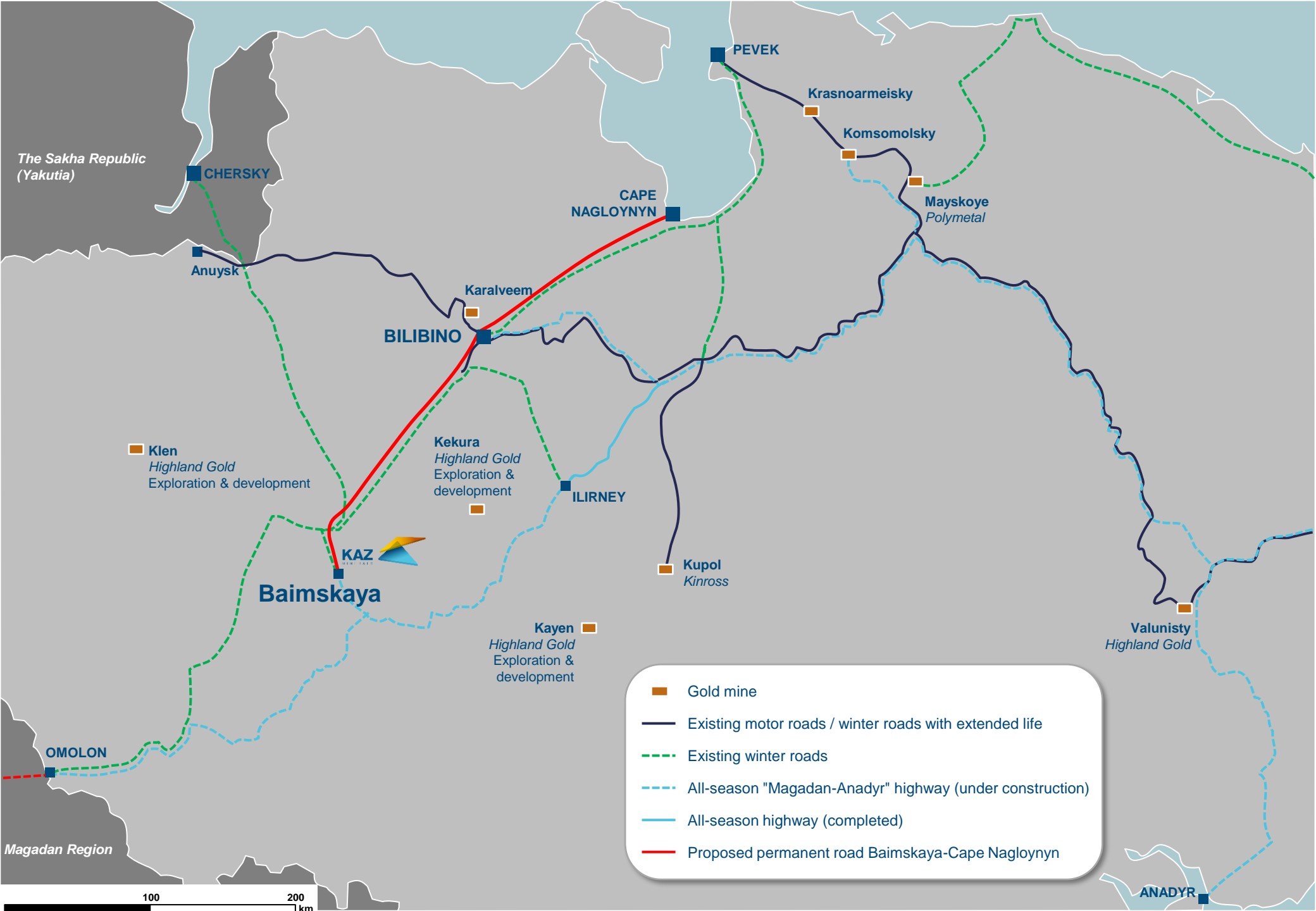
- ▶ New 428 km permanent road<sup>3</sup> linking Baimskaya to the port at Cape Nagloynyn
  - Baimskaya to Bilibino section is to be financed and constructed by KAZ Minerals
  - Bilibino to Cape Nagloynyn section expected to have other users, financing remains under discussion

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### Notes:

1. Liquefied Natural Gas.
2. Located in Chaunskaya Bay, Chukotka.
3. Split into two sections which are approximately equal in length.





The Sakha Republic  
(Yakutia)

CHERSKY

Anuysk

BILIBINO

Karalveem

CAPE  
NAGLOYNYN

PEVEK

Krasnoarmeisky

Komsomolsky

Mayskoye  
Polymetal

**Klen**  
Highland Gold  
Exploration & development

**Kekura**  
Highland Gold  
Exploration & development

ILIRNEY

Kupol  
Kinross

**Baimskaya**



**Kayen**  
Highland Gold  
Exploration & development

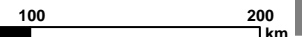
Valunisty  
Highland Gold

OMOLON

- Gold mine
- Existing motor roads / winter roads with extended life
- - - Existing winter roads
- - - All-season "Magadan-Anadyr" highway (under construction)
- All-season highway (completed)
- Proposed permanent road Baimskaya-Cape Nagloynyn

ANADYR

Magadan Region



## 4. Financial update

JOHN HADFIELD

CHIEF FINANCIAL OFFICER

# FINANCIAL UPDATE



\$m (unless otherwise stated)	2020	2019
Revenues	2,355	2,266
EBITDA <sup>1</sup>	1,431	1,355
Margin	61%	60%
Net cash cost (USc/lb) <sup>2</sup>	64	77
Free Cash Flow <sup>3</sup>	691	411
Ordinary EPS – basic (\$)	1.35	1.21
Net debt <sup>4</sup>	(2,601)	(2,759)

- ▶ 3% higher average LME copper price and higher by-product revenues offset 5% decrease in copper sales volumes
- ▶ EBITDA<sup>1</sup> \$1,431 million (2019: \$1,355 million), 61% margin, H2 2020 EBITDA was \$872 million
- ▶ First quartile net cash cost<sup>2</sup> of 64 USc/lb (2019: 77 USc/lb)
- ▶ Free Cash Flow<sup>3</sup> increased by 68% to \$691 million (2019: \$411 million)
- ▶ Net debt<sup>4</sup> decreased by \$158 million to \$2,601 million (31 Dec 2019: \$2,759 million)
- ▶ \$1.3 billion of gross liquid funds<sup>5</sup> at 31 December 2020 and undrawn facilities of \$62 million
- ▶ No final dividend due to Recommended Offer

## Notes:

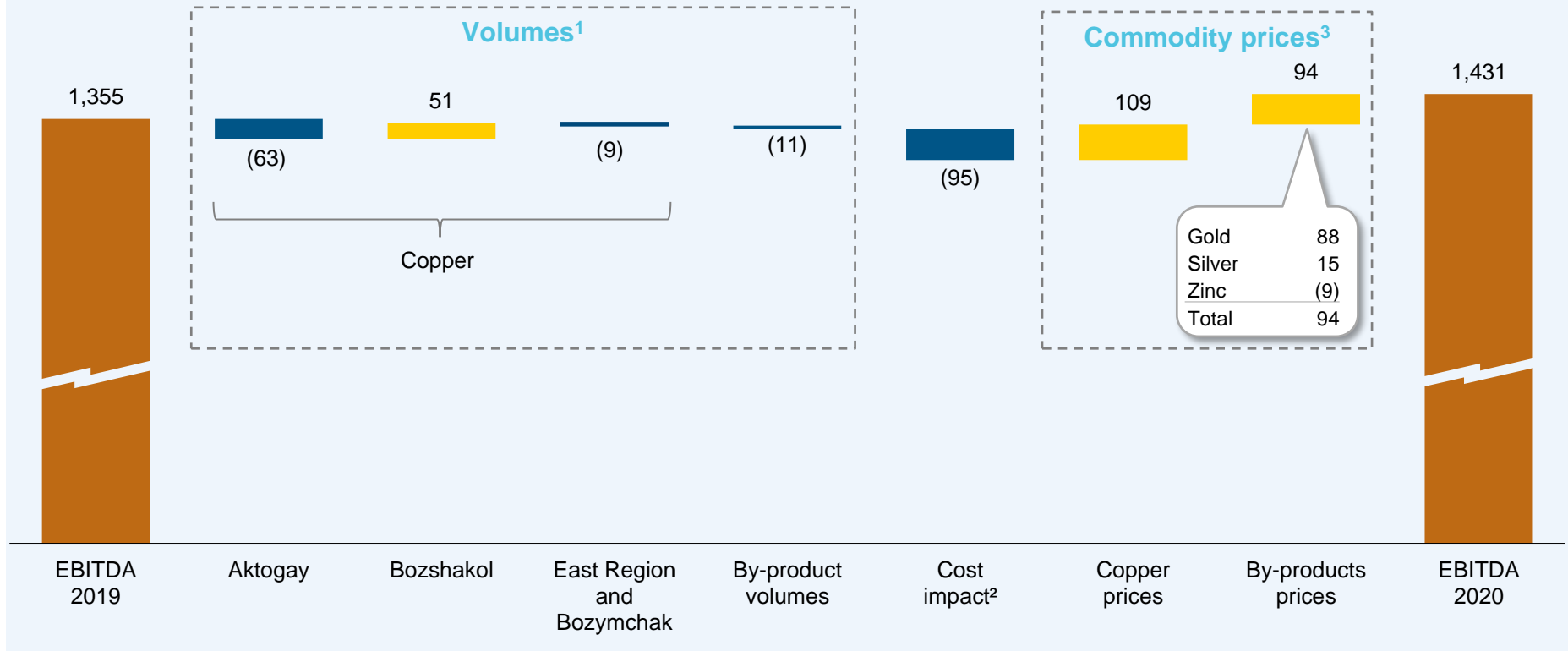
1. Excluding MET, royalties and special items.
2. Cash operating costs, plus TC/RC on concentrate sales, less by-product revenues, divided by copper sales volumes.
3. Net cash flows from operating activities before capital expenditure and VAT associated with major growth projects, less sustaining capital expenditure.
4. The excess of borrowings over cash and cash equivalents and current investments.
5. Includes cash and cash equivalents and current investments.

# EBITDA RECONCILIATION



## Favourable commodity prices offset reduced sales volumes for copper and by-products

\$m



**Notes:**

1. Change in sales volumes at current year margin.
2. Change in operating costs applied to prior year sales volumes plus change in corporate and project costs.
3. Change in realised prices applied to prior year sales volumes.

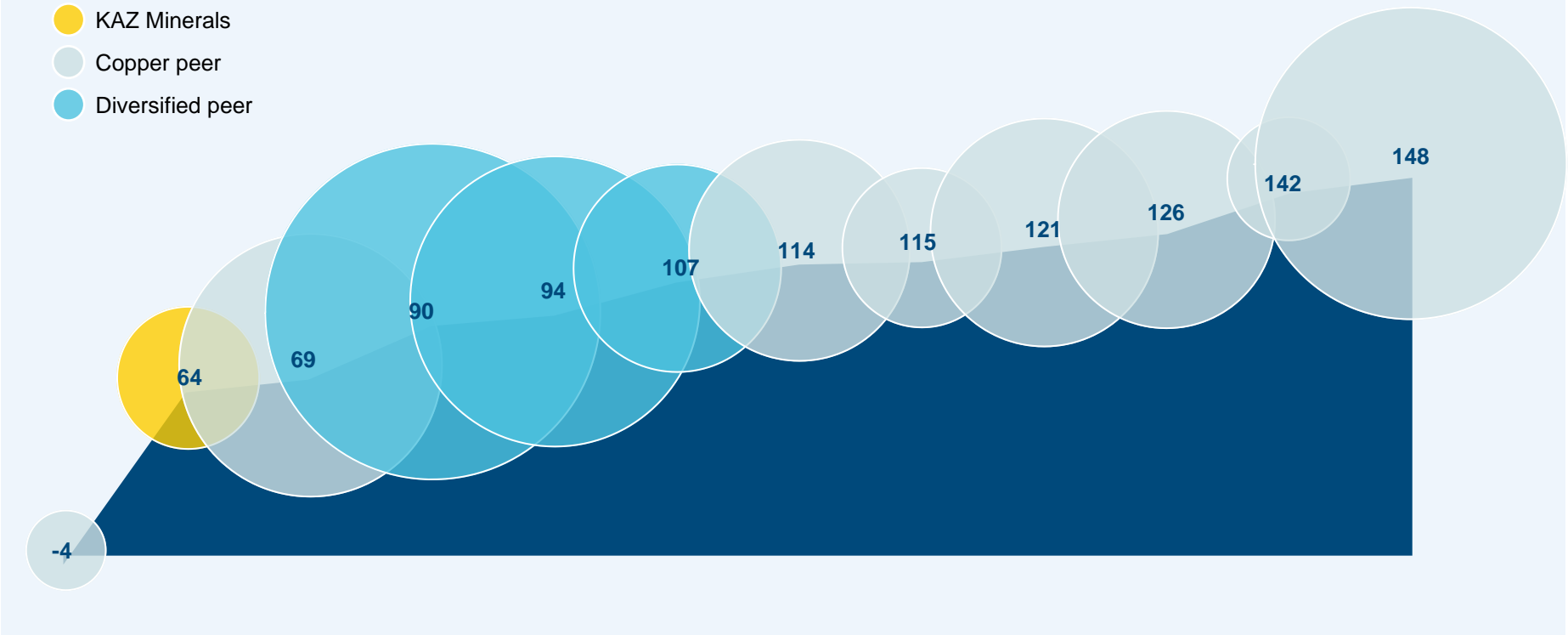
# LOW COST POSITION MAINTAINED



## Net cash cost

USc/lb

- KAZ Minerals
- Copper peer
- Diversified peer

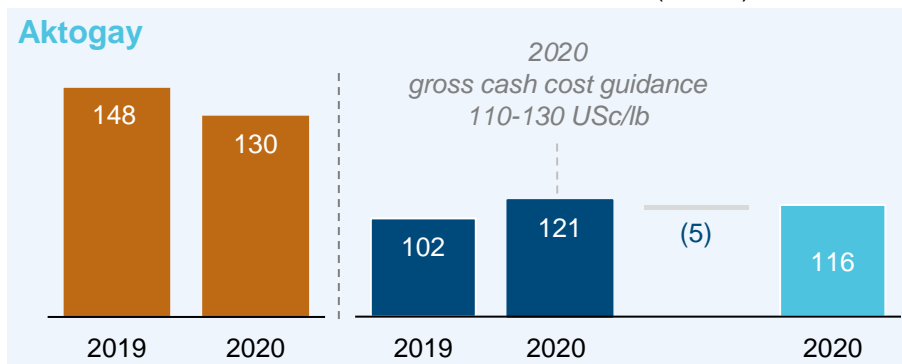


Notes:  
Size of circle indicates annual copper production volumes.  
Source: Company data, most recently reported financial period.

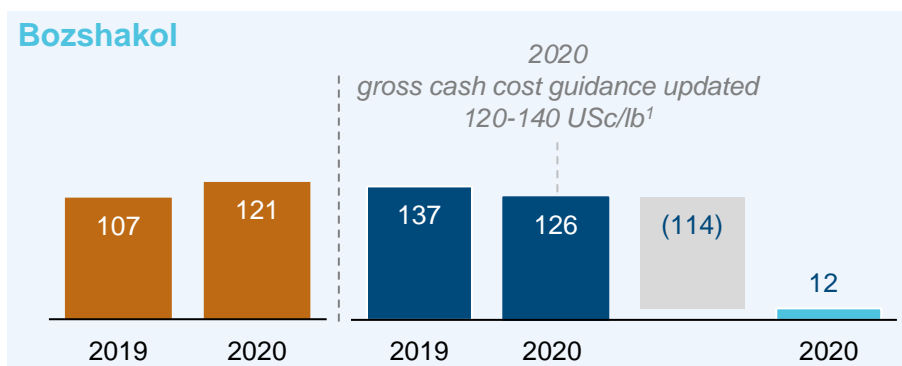
# COMPETITIVE UNIT COSTS



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



- ▶ Unit costs increased due to lower sales volumes, \$20 million of Covid-19 related expenses, operational readiness costs ahead of Aktogay II and general inflation in salaries, power and consumables
- ▶ Cost increases were partially offset by a weaker tenge



- ▶ Gross cash costs reduced as additional costs from Covid-19 of \$18 million were offset by higher copper volumes and a weaker tenge
- ▶ 2019 gross cash cost included 5 USc/lb associated with sale of gold bar from inventory
- ▶ Net cash cost reduced to 12 USc/lb (2019: 31 USc/lb), mainly due to increased gold revenues

Notes:

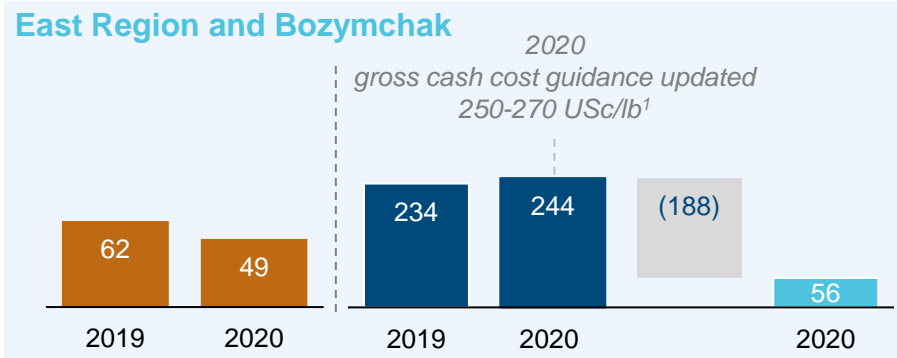
1. Cost guidance lowered at H1 2020 from 130-150 USc/lb.



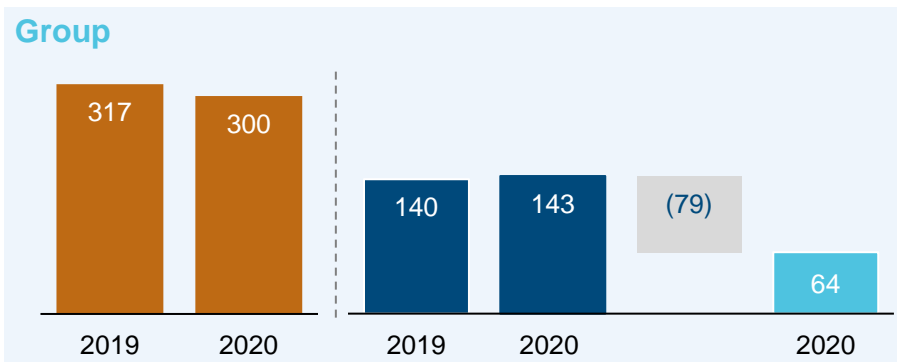
# COMPETITIVE UNIT COSTS (CONT'D)



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



- ▶ Lower sales volumes offset benefit from closure of Belousovsky concentrator, other cost control actions and the weaker tenge
- ▶ 2019 volumes benefited from sale of 7 kt of copper from inventory
- ▶ Net cash cost decreased to 56 USc/lb (2019: 104 USc/lb), mainly due to strong by-product prices as well as increased zinc volumes

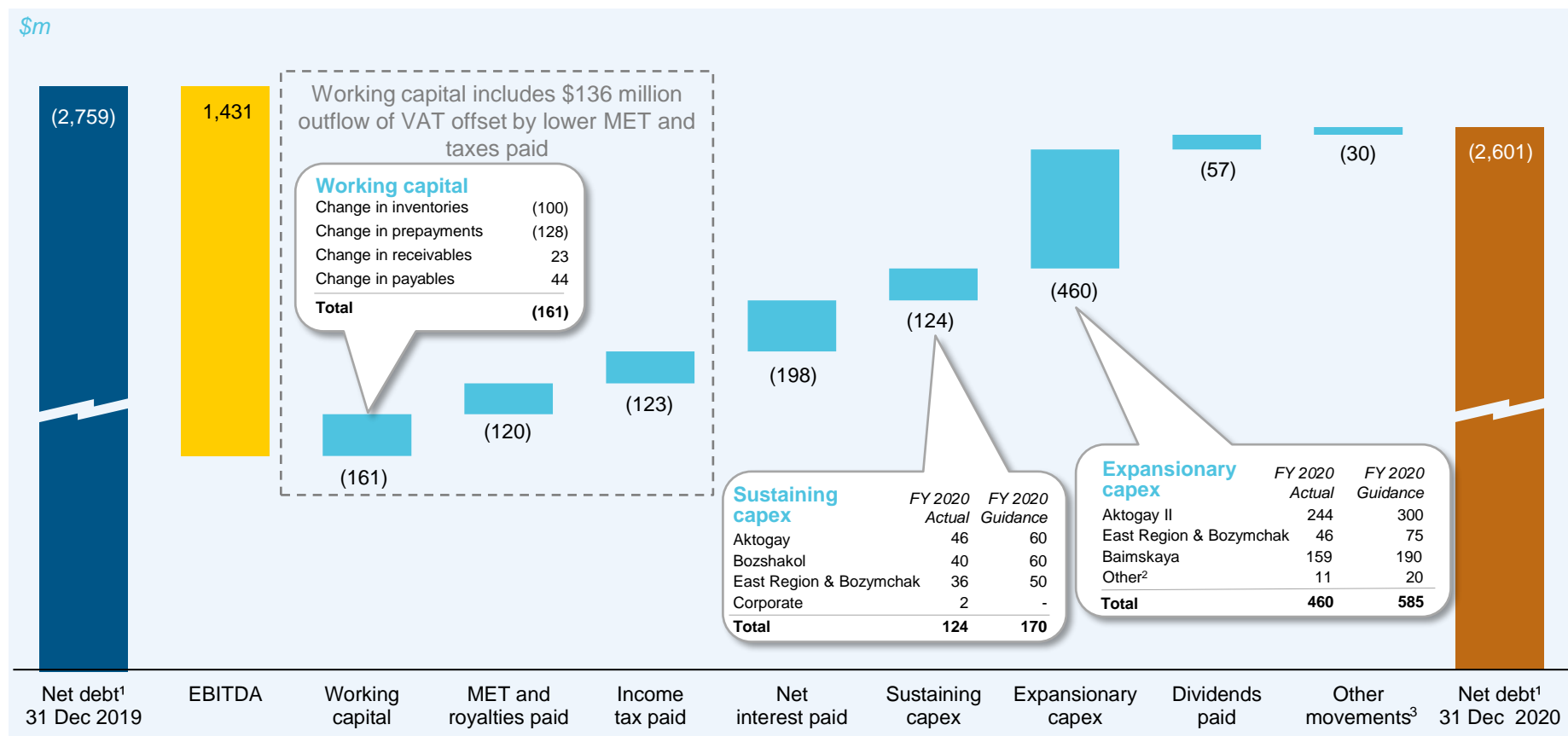


- ▶ Gross cash cost increased to 143 USc/lb (2019: 140 USc/lb), as lower sales volumes and Covid-19 costs offset weaker tenge and cost control measures
- ▶ Group net cash cost remains amongst the lowest of pure-play copper miners globally at 64 USc/lb (2019: 77 USc/lb)

**Notes:**

1. Cost guidance lowered at H1 2020 from 260-280 USc/lb.

# REDUCTION IN NET DEBT



## Notes:

1. The excess of borrowings over cash and cash equivalents and current investments.
2. 2020 includes \$7 million for initial Aktogay project dump leach expansion.
3. Includes \$11 million in respect of legal and professional fees resulting from the Recommended Offer, \$8 million of net VAT paid associated with major growth projects, foreign exchange and other movements.

# 2021 FINANCIAL GUIDANCE



<b>Gross cash cost</b> <i>USc/lb</i>		<b>Sustaining capex</b> <i>\$m</i>		<b>Expansionary capex</b> <i>\$m</i>	
<b>Aktogay</b>	<b>120-140</b>	<b>Aktogay</b>	<b>80</b>	<b>Aktogay II<sup>1</sup></b>	<b>250</b>
<b>Bozshakol</b>	<b>130-150</b>	<b>Bozshakol</b>	<b>70</b>	<b>East Region &amp; Bozymchak<sup>2</sup></b>	<b>70</b>
<b>East Region &amp; Bozymchak</b>	<b>260-280</b>	<b>East Region &amp; Bozymchak</b>	<b>50</b>	<b>Baimskaya<sup>3</sup></b>	<b>175</b>
				<b>Other</b>	<b>10</b>
		<b>Group</b>	<b>200</b>	<b>Group</b>	<b>505</b>

- Notes:
1. Expenditure of \$250 million expected in 2021 and \$50 million of retention payments expected to be deferred into 2022.
  2. Includes Artemyevsky underground mine extension of \$60 million and \$10 million for development of the Bozymchak underground phase.
  3. Capital expenditure of \$175 million approved for H1 2021 to complete Bankable Feasibility Study and continue detailed engineering and pioneer works. The Board may approve additional expenditure following the completion of the Bankable Feasibility Study.

## 5. Summary

ANDREW SOUTHAM

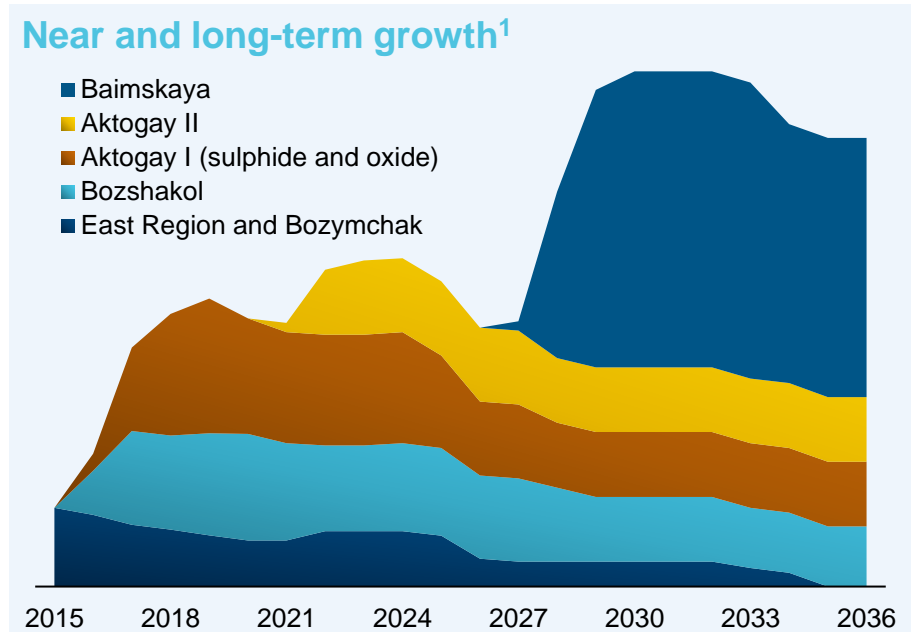
CHIEF EXECUTIVE OFFICER



# SUMMARY



- ▶ Outstanding operational and financial results in a challenging environment
- ▶ Excellent cash flow generation supported by low-cost operations
- ▶ Strong liquidity position
- ▶ Continued progress on near and long-term growth projects
  - Aktogay expansion project remains on track, first production expected by end of 2021
  - Baimskaya Bankable Feasibility Study expected in H1 2021, dependent on finalisation of infrastructure plans



Notes:

1. Indicative production schedule, not to scale. Assumes 100% ownership, first production from Baimskaya in 2027 and ramp up from 2028. Actual construction timetable and production profile to be determined during Bankable Feasibility Study.

# Q&A





# APPENDIX

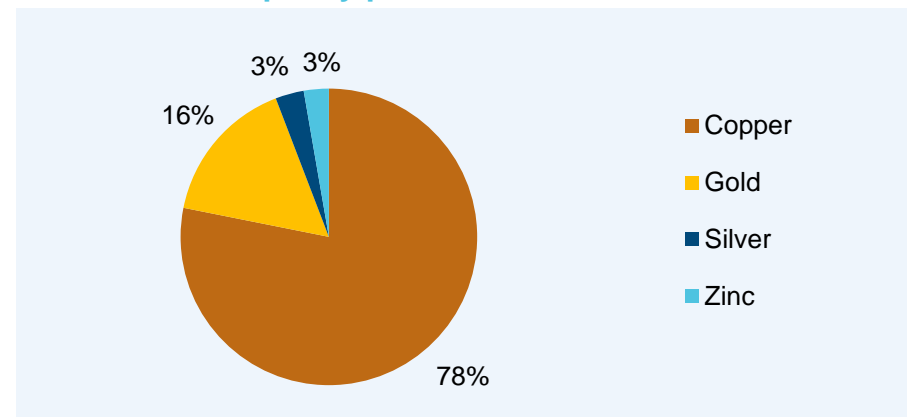
# SUMMARY INCOME STATEMENT



## Key line items

\$m (unless otherwise stated)	2020	2019
<b>Revenues</b>	<b>2,355</b>	<b>2,266</b>
Cost of sales	(1,101)	(1,124)
<b>Gross profit</b>	<b>1,254</b>	<b>1,142</b>
<b>Operating profit</b>	<b>1,005</b>	<b>923</b>
Net finance costs	(132)	(177)
Net foreign exchange loss	(69)	(20)
<b>Profit before tax</b>	<b>804</b>	<b>726</b>
Income tax expense	(165)	(155)
<b>Profit for the year</b>	<b>639</b>	<b>571</b>
<b>EPS based on Underlying Profit – basic (\$)</b>	<b>1.38</b>	<b>1.21</b>
<b>EPS based on Underlying Profit – diluted (\$)</b>	<b>1.32</b>	<b>1.17</b>

## 2020 revenues split by product



## Reconciliation of Underlying Profit

\$m	2020	2019
<b>Profit attributable to equity holders of the Company</b>	<b>639</b>	<b>571</b>
Special items within operating profit, net of tax	11	-
<b>Underlying Profit</b>	<b>650</b>	<b>571</b>



# REVENUES AND SALES VOLUMES



## Revenues

\$m	2020	2019
Copper cathode	759	828
Copper in concentrate	1,071	996
Gold bar	137	133
Gold in concentrate	233	185
Silver bar	49	40
Silver in concentrate	24	19
Zinc in concentrate	64	58
Other	18	7
<b>Total revenues</b>	<b>2,355</b>	<b>2,266</b>

## Average realised prices

	2020	2019
Copper cathode (\$/t)	6,166	6,027
Copper in concentrate (\$/t) <sup>2</sup>	6,042	5,551
Gold bar (\$/oz)	1,791	1,374
Gold in concentrate (\$/oz) <sup>2</sup>	1,816	1,443
Silver bar (\$/oz)	20.5	16.2
Silver in concentrate (\$/oz) <sup>2</sup>	21.2	16.7
Zinc in concentrate (\$/t)	1,270	1,548

## Sales volumes

kt (unless otherwise stated)	2020	2019
Copper cathode	123	138
Copper in concentrate <sup>1</sup>	177	179
Gold bar (koz)	76	97
Gold in concentrate (koz) <sup>1</sup>	129	128
Silver bar (koz)	2,386	2,460
Silver in concentrate (koz) <sup>1</sup>	1,110	1,106
Zinc in concentrate	50	38

## Average LME and LBMA Prices

	2020	2019
Copper (\$/t)	6,198	6,000
Gold (\$/oz)	1,770	1,393
Silver (\$/oz)	20.5	16.2
Zinc (\$/t)	2,267	2,546

### Notes:

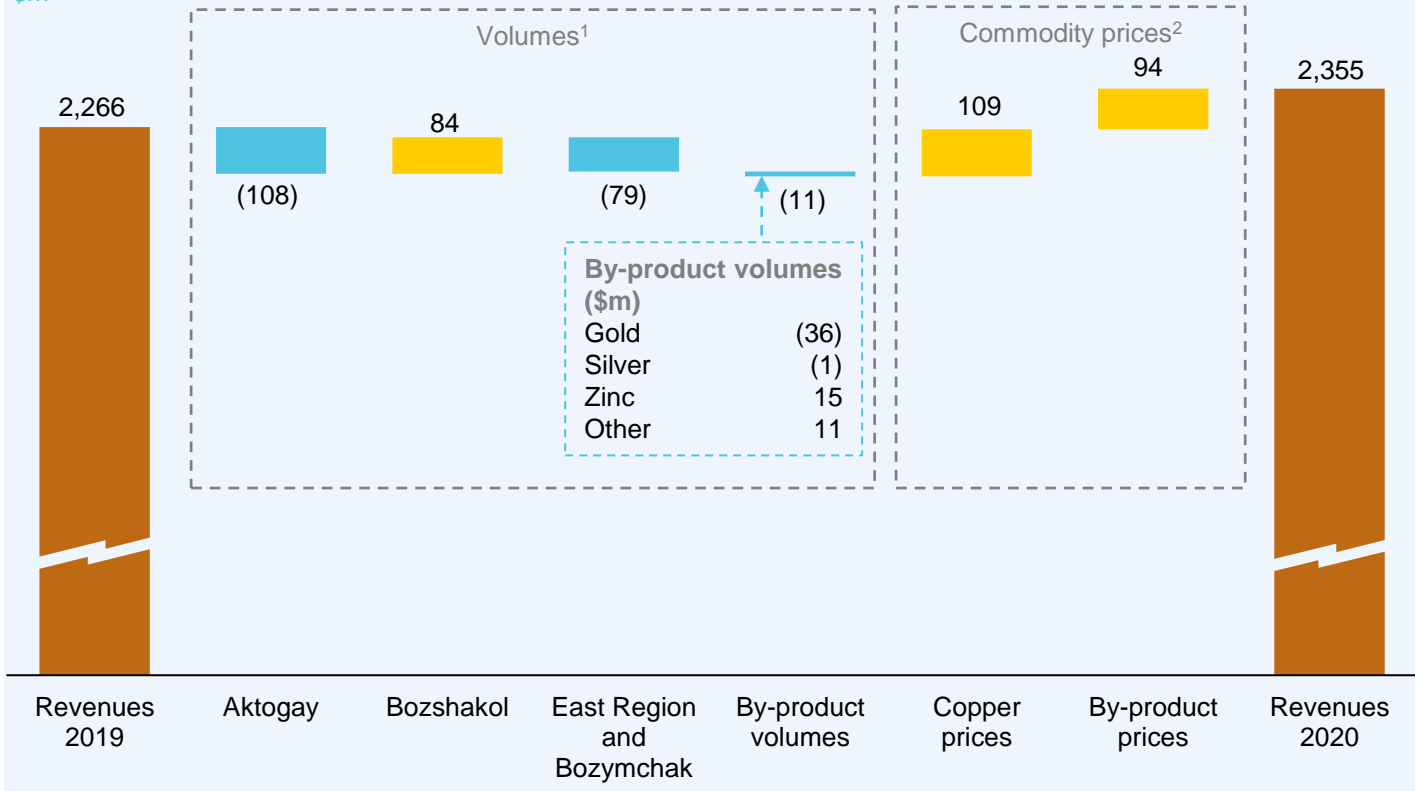
1. Payable metal in concentrate.
2. After the deduction of processing charges.

# REVENUE RECONCILIATION

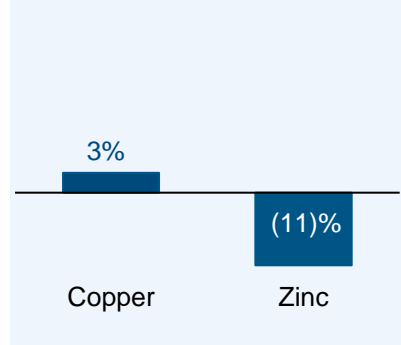


## Favourable commodity prices offset reduced sales volumes for copper and by-products

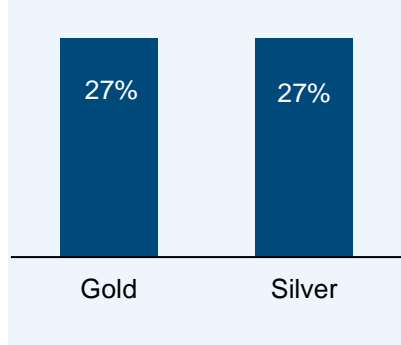
\$m



## Average LME FY 2020 vs FY 2019



## Average LBMA FY 2020 vs FY 2019



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	2020	2019
<b>EBITDA<sup>1</sup></b>	<b>1,431</b>	<b>1,355</b>
Special items	(11)	-
Change in working capital	(161)	(282)
Interest paid	(208)	(230)
MET and royalties paid	(120)	(206)
Income tax paid	(123)	(92)
Foreign exchange and other movements	7	8
Sustaining capital expenditure	(124)	(142)
<b>Free Cash Flow</b>	<b>691</b>	<b>411</b>
Expansionary and new project capital expenditure	(460)	(718)
Acquisition of Baimskaya copper project, net of cash acquired	-	(435)
Net VAT paid associated with major growth projects	(8)	(41)
Interest received	10	20
Dividends paid	(57)	(47)
Other investments	-	45
Other movements	(4)	(3)
<b>Cash flow movement in net debt</b>	<b>172</b>	<b>(768)</b>

Notes:

1. Excluding MET, royalties and special items.

# SUMMARY BALANCE SHEET



## Assets

\$m	2020	2019
Non-current assets	4,639	4,596
Cash and cash equivalents and current investments	1,299	541
Other current assets	951	929
<b>Total</b>	<b>6,889</b>	<b>6,066</b>

## Non-current assets

\$m	2020	2019
Intangible assets	5	5
Property, plant and equipment	2,778	2,756
Mining assets	1,559	1,457
Other non-current assets	257	338
Deferred tax asset	40	40
<b>Total</b>	<b>4,639</b>	<b>4,596</b>

## Equity & liabilities

\$m	2020	2019
Equity	2,424	2,174
Borrowings	3,900	3,300
Other liabilities	565	592
<b>Total</b>	<b>6,889</b>	<b>6,066</b>

## Net debt

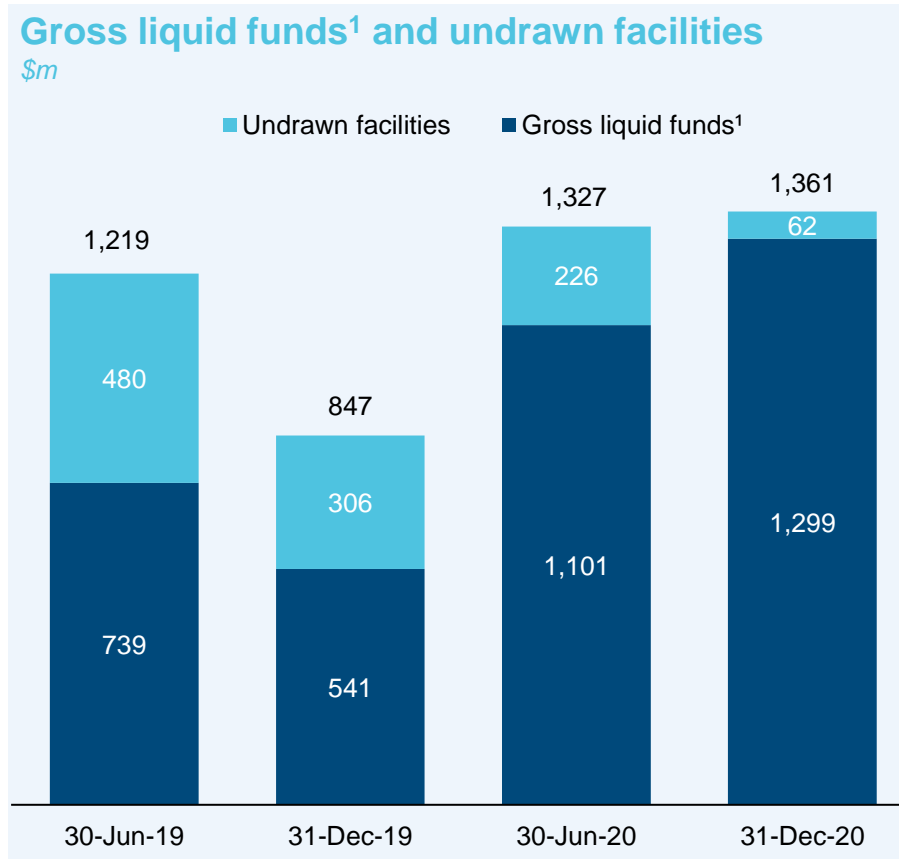
\$m	2020	2019
Cash and cash equivalents and current investments	1,299	541
Borrowings	(3,900)	(3,300)
<i>Short-term</i>	(528)	(545)
<i>Long-term</i>	(3,372)	(2,755)
<b>Total</b>	<b>(2,601)</b>	<b>(2,759)</b>



# STRONG LIQUIDITY POSITION



- ▶ \$1.0 billion PXF refinancing in January 2020 resulted in net increase in liquidity of \$700 million
  - Repayments under the new facility commenced January 2021
  - \$ LIBOR + 2.50%, variable range 2.25% to 3.50%
  - Initial final maturity in December 2024, with extension options to December 2025 and December 2026
- ▶ Gross liquid funds<sup>1</sup> and undrawn facilities increased to \$1.4 billion at 31 December 2020
  - Undrawn facilities include \$51 million under the DBK-Aktogay expansion facility and \$11 million under the CAT facility



**Notes:**

1. Includes cash and cash equivalents and current investments.

# DEBT FACILITIES

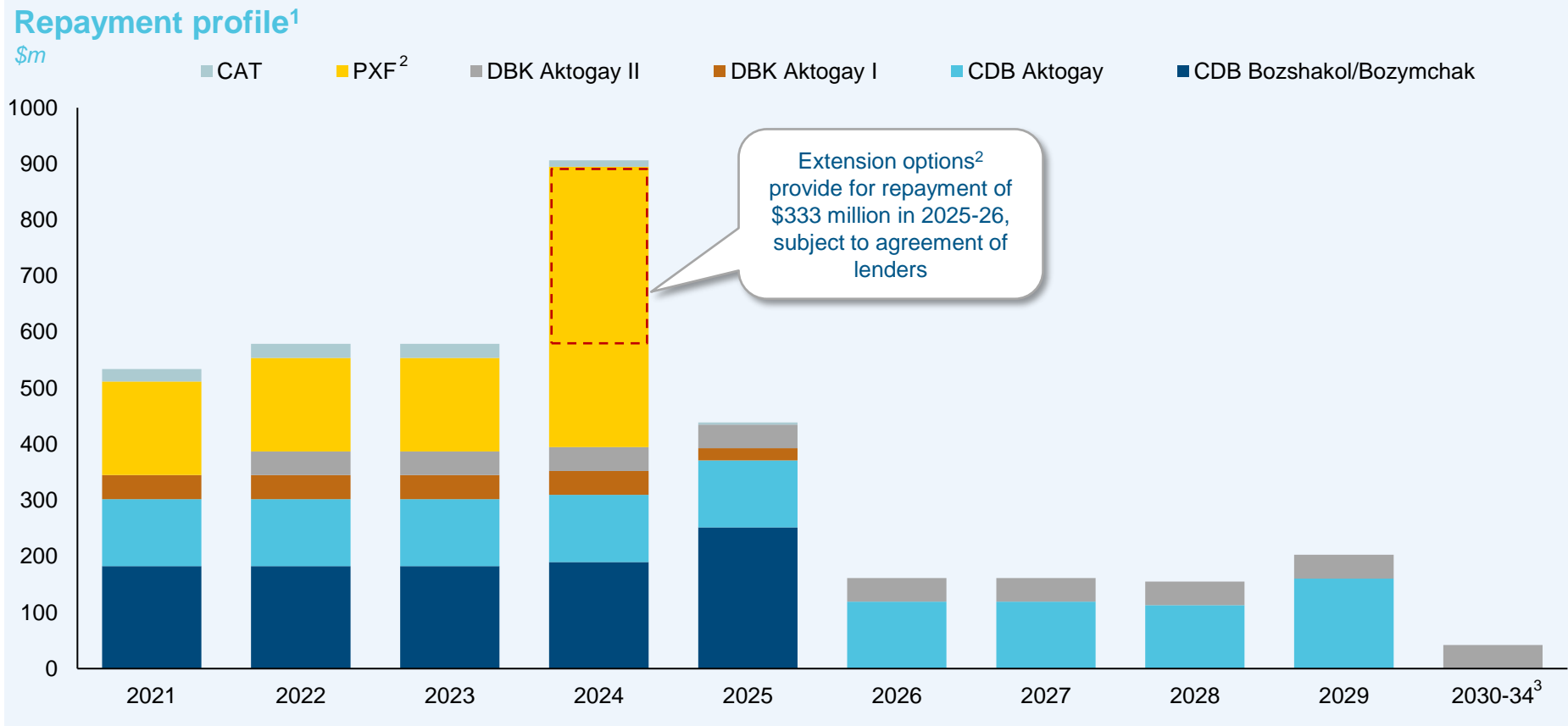


Facility	Balance <sup>1</sup> \$m, 31 Dec 20	Undrawn \$m	Final maturity	Interest rate	Repayment details & covenants
<b>CDB Bozshakol/Bozymchak</b>	991	-	2025	▶ \$ LIBOR + 4.50%	▶ Semi-annual principal and interest payments ▶ Balance sheet covenant
<b>CDB Aktogay</b>	1,110	-	2029	▶ \$ LIBOR + 4.20% (USD facility) ▶ 4.90% fixed (CNY facility)	▶ Semi-annual principal and interest payments <sup>2</sup> ▶ Balance sheet covenant
<b>DBK Aktogay I</b>	193	-	2025	▶ \$ LIBOR + 4.50%	▶ Semi-annual principal and interest payments ▶ Balance sheet covenant
<b>DBK Aktogay II</b>	549	51 <sup>3</sup>	2034	▶ \$ LIBOR + 3.90%	▶ Repayments commence from 2022 ▶ Semi-annual principal and interest payments ▶ Balance sheet covenant
<b>PXF</b> ▶ \$1 billion facility	1,000	-	2024 <sup>4</sup>	▶ \$ LIBOR + 2.50% ▶ Variable range 2.25% to 3.50%	▶ Principal repayments commencing from January 2021 ▶ Monthly interest payments ▶ Initial final maturity in December 2024, with extension options to December 2025 and December 2026 ▶ Income statement covenant
<b>CAT</b> ▶ \$100 million facility	87	11 <sup>3</sup>	2023-26	▶ \$ LIBOR + 2.50% ▶ Variable range 2.25% to 3.50%	▶ Quarterly principal repayments from December 2020, with final maturity December 2026 ▶ Income statement covenant

## Notes:

1. Drawn amount excludes arrangement fees.
2. CNY facility interest payments are quarterly.
3. Undrawn as at 31 Dec 2020.
4. Extendable up to 2026.

# DEBT REPAYMENT PROFILE



**Notes:**

1. Based on facilities drawn as at 31 Dec 2020.
2. Extension options are exercisable on the first and second anniversaries of signing. In November 2020, all lenders agreed to postpone the period during which the Group is permitted to deliver the first annual extension request by six months to 28 May 2021.
3. Average debt repayment per annum.

# GROUP CASH COST RECONCILIATION



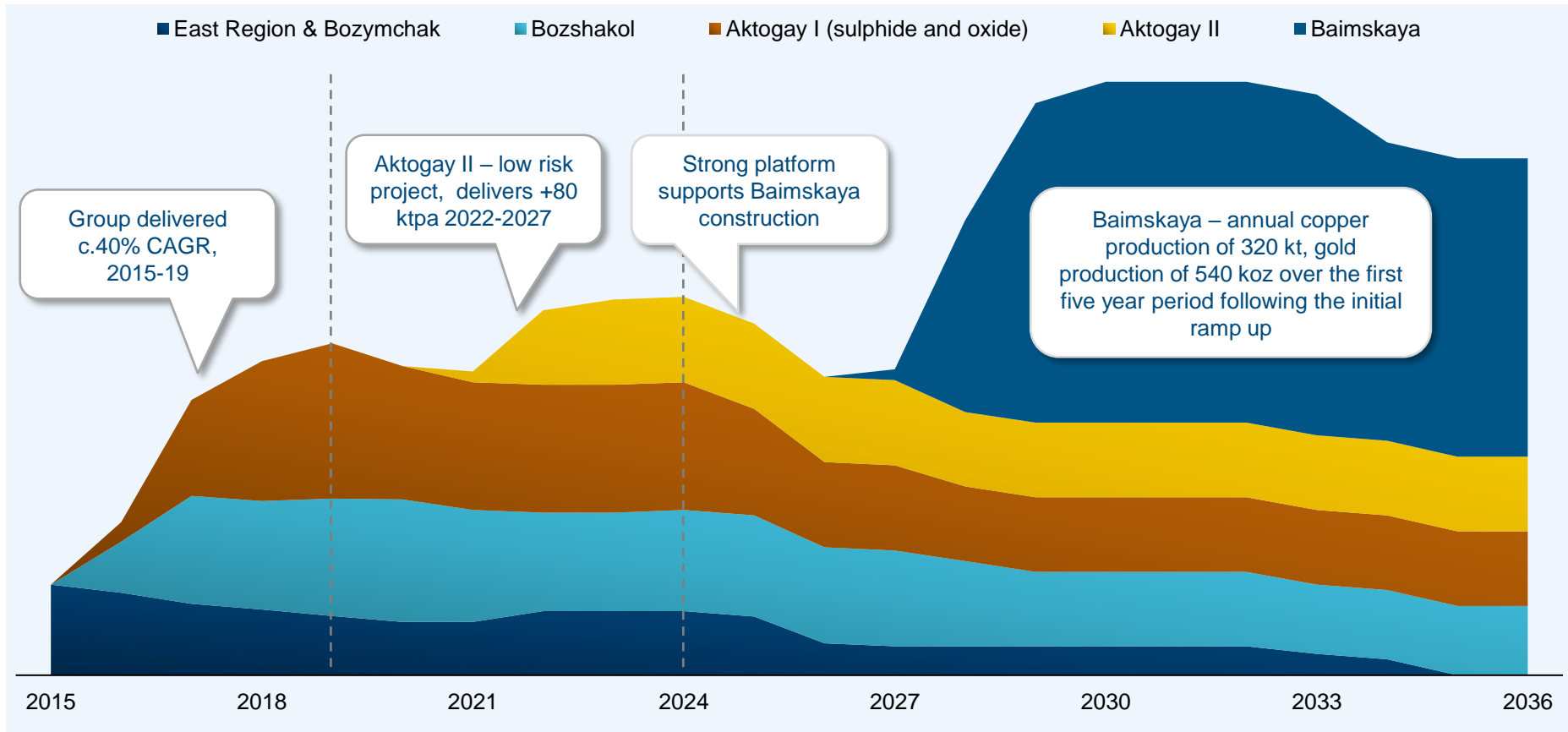
\$m (unless otherwise stated)	2020	2019	2018	H2 2020	H1 2020	H2 2019	H1 2019	H2 2018	H1 2018
Copper sales volumes (kt)	300	317	296	153	147	173	144	155	141
Revenues	2,355	2,266	2,162	1,364	991	1,214	1,052	1,064	1,098
EBITDA <sup>1</sup>	(1,431)	(1,355)	(1,310)	(872)	(559)	(735)	(620)	(620)	(690)
Corporate and project costs and other adjustments	(57)	(37)	(28)	(32)	(25)	(17)	(20)	(13)	(15)
TC/RCs on concentrate sales	82	104	115	44	38	57	47	58	57
<b>Gross cash cost</b>	<b>949</b>	<b>978</b>	<b>939</b>	<b>504</b>	<b>445</b>	<b>519</b>	<b>459</b>	<b>489</b>	<b>450</b>
<b>Gross cash cost (USc/lb)</b>	<b>143</b>	<b>140</b>	<b>144</b>	<b>149</b>	<b>137</b>	<b>136</b>	<b>144</b>	<b>143</b>	<b>145</b>
By-product credits	(525)	(442)	(381)	(299)	(226)	(239)	(203)	(187)	(194)
Net cash costs	424	536	558	205	219	280	256	302	256
<b>Net cash cost (USc/lb)</b>	<b>64</b>	<b>77</b>	<b>85</b>	<b>61</b>	<b>68</b>	<b>73</b>	<b>80</b>	<b>88</b>	<b>82</b>

Notes:

1. Excluding MET, royalties and special items.



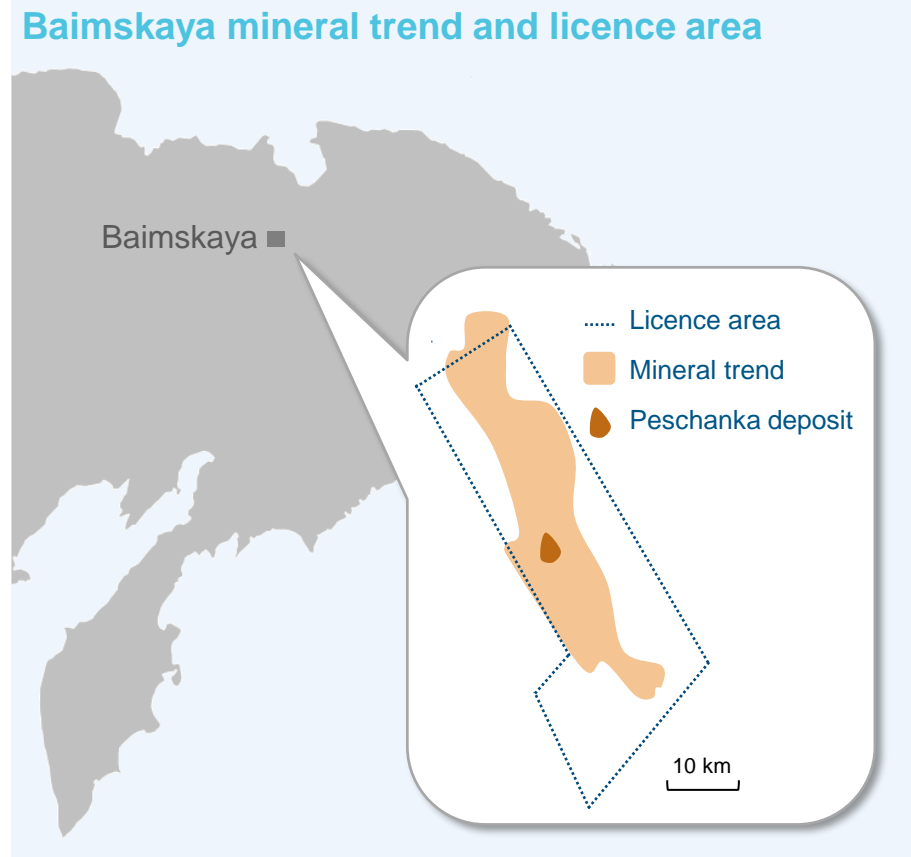
# NEAR AND LONG TERM GROWTH



Notes:  
 Indicative production schedule, not to scale. Assumes 100% ownership, first production from Baimskaya in 2027 and ramp up from 2028. Actual construction timetable and production profile to be determined during Bankable Feasibility Study.

# BAIMSKAYA PROJECT OVERVIEW

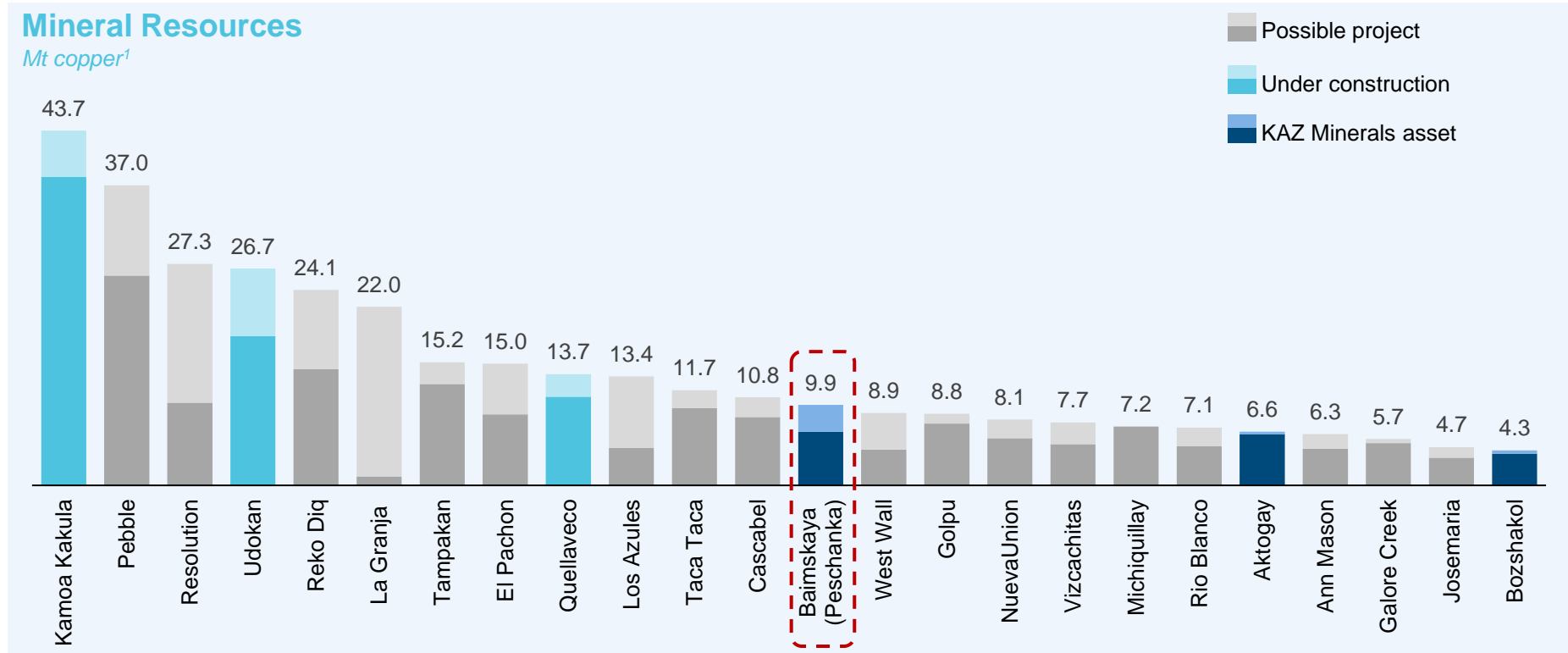
- ▶ Baimskaya is one of the world's largest undeveloped copper resources, with the potential to be a large scale, low cost open pit copper mine
- ▶ The Group acquired the Baimskaya copper project for \$900 million in cash and shares in January 2019
- ▶ Capital budget for construction estimated to be close to \$8 billion<sup>1</sup>, with c.5% expected to be incurred after first production
- ▶ 70 Mtpa ore processing capacity
- ▶ Potential for resource expansion in c.1,300 sq. km licence area



Notes:

1. In nominal terms based on 100% share of development capital expenditure, subject to confirmation in further Bankable Feasibility Study.

# GLOBALLY 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).

# BAIMSKAYA PROJECT PARAMETERS

- ▶ The key operating and financial parameters that were announced on 18 November 2020:
  - First production by end of 2027
  - 70 Mtpa ore processing capacity
  - Mine life of around 20 years<sup>1</sup>, with potential to be extended by c.5 years
  - Sustaining capex of c.\$70 million<sup>2</sup> per annum
  - Peak working capital of \$700 million<sup>3</sup>
- ▶ Expected to receive TASED<sup>4</sup> tax incentives and qualify for an exemption from recent increase in MET rates in Russia for first five years



Notes:

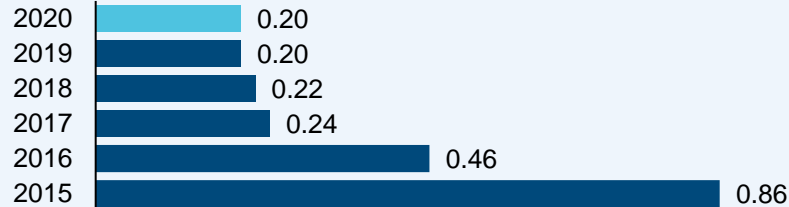
1. Based on JORC measured and indicated resources.
2. Stated in 2020 nominal terms.
3. In nominal terms.
4. A territory of accelerated social and economic development.



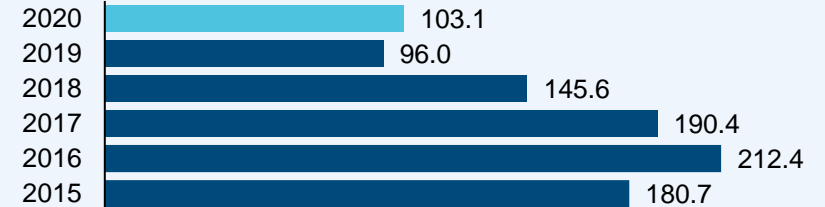
# SIGNIFICANT LONG-TERM IMPROVEMENT IN ENVIRONMENTAL IMPACTS



Energy consumption (TJ/kt of sulphide ore processed)



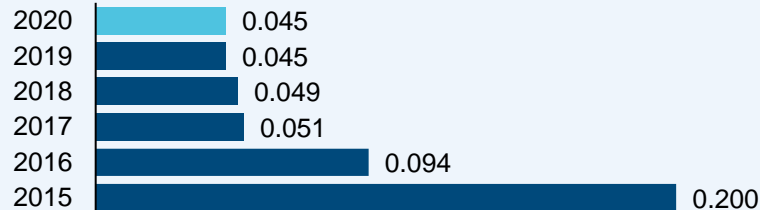
Water withdrawal per unit of copper produced (megalitres/kt)



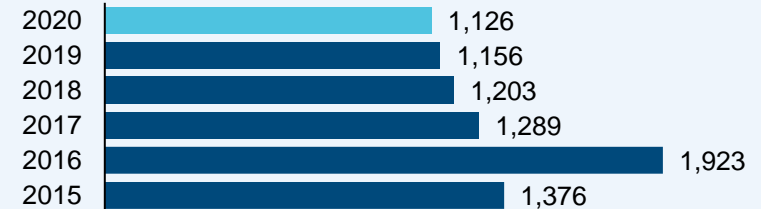
CO<sub>2</sub> emissions per unit of copper (kt)



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



CO<sub>2</sub> emissions per \$ million revenue (t)



Notes:  
The calculation of electricity consumption at Aktogay in 2019 has been updated to reflect 2020 methodology, resulting in changes to the reported prior year Aktogay energy use, electricity consumption and related CO<sub>2</sub> emissions and intensity data.

# TRANSITION TO IN-PIT TAILINGS DISPOSAL

- ▶ Use of above-ground Nikolayevsky tailings dam in the East Region discontinued, now depositing tailings material into the Nikolayevsky open pit
- ▶ Switching to in-pit disposal improves safety and reduces environmental impact:
  - Inherent physical stability of a pit compared to above-ground storage
  - Re-use of a decommissioned facility
  - Reduced drainage risks
- ▶ Nikolayevsky pit contains enough storage capacity for life of mine
- ▶ One remaining active above-ground upstream tailings facility, at the Orlovsky mine
  - Small and under continuous monitoring



*In-pit tailings disposal, Nikolayevsky, East Region*

# 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>				
Orlovsky	Upstream	1989	2026	Active
Nikolayevsky <sup>1</sup>	Upstream	1980	2020	Closed
Nikolayevsky	In-pit	2020	2031	Active

Notes:

1. Artemyevsky and Irtyshtsky mines transitioned in 2020 to in-pit tailings disposal in the Nikolayevsky open pit.



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