

# BMO Global Metals and Mining Conference

25-28 February 2018

**KAZ**  
MINERALS



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All financial definitions can be found in the glossary to the Full-Yearly Results 2017 press release.

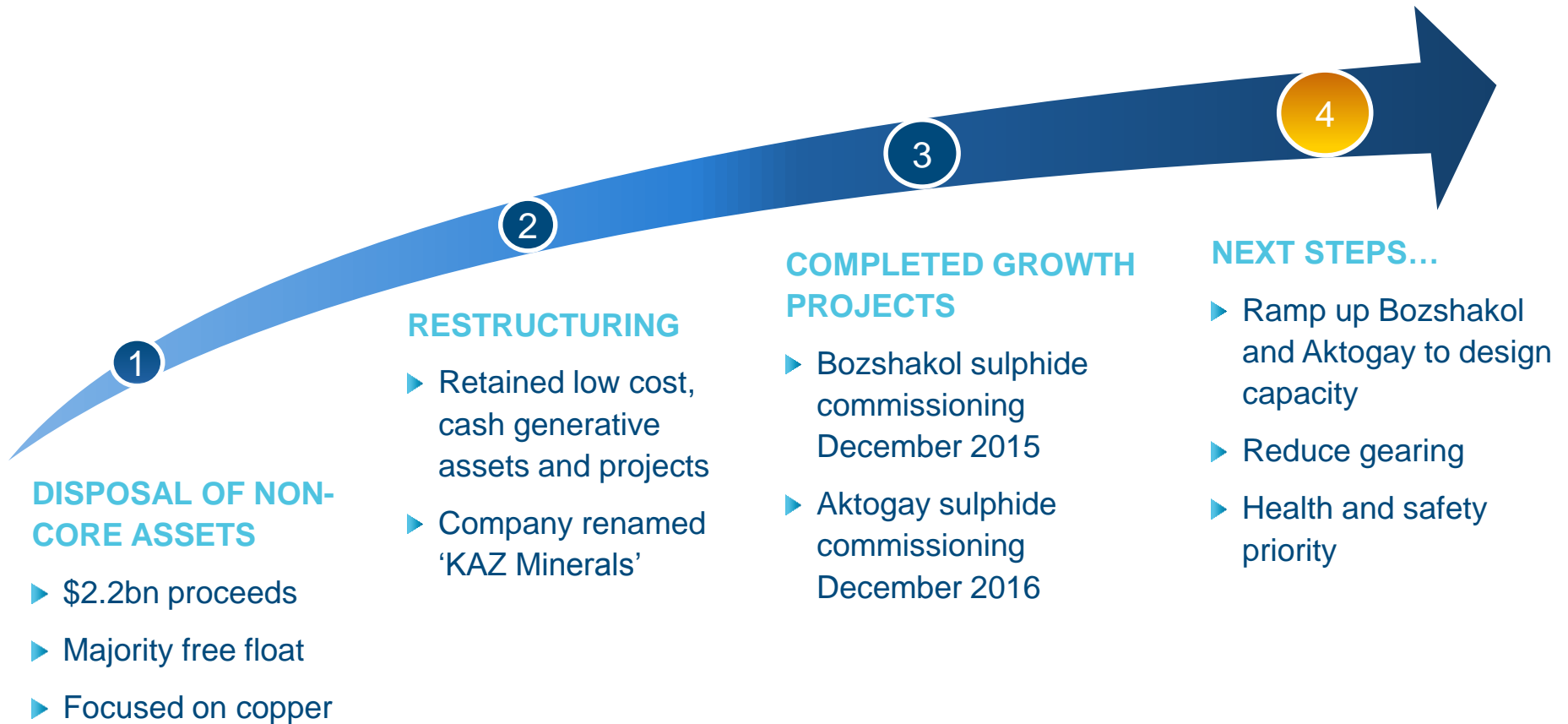
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# 1. Introduction to KAZ Minerals



# DELIVERING ON OUR STRATEGY



# ASSET OVERVIEW

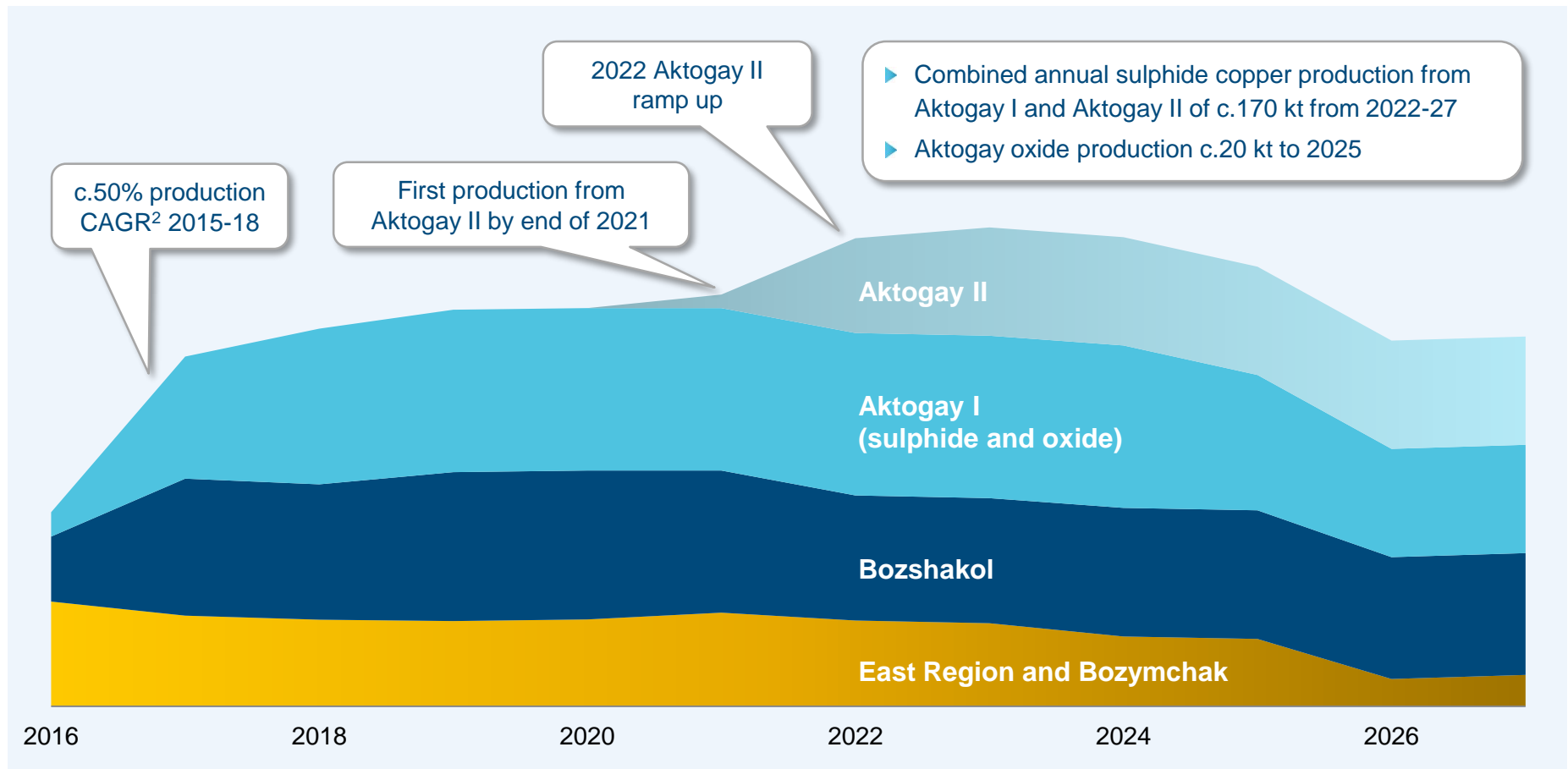


■ Producing asset    ■ Potential future project



- ✓ Transport
- ✓ Power
- ✓ Water
- ✓ Permitting
- ✓ Skilled labour
- ✓ Located next to world's largest copper consumer

# HIGH GROWTH PRODUCTION PROFILE<sup>1</sup>



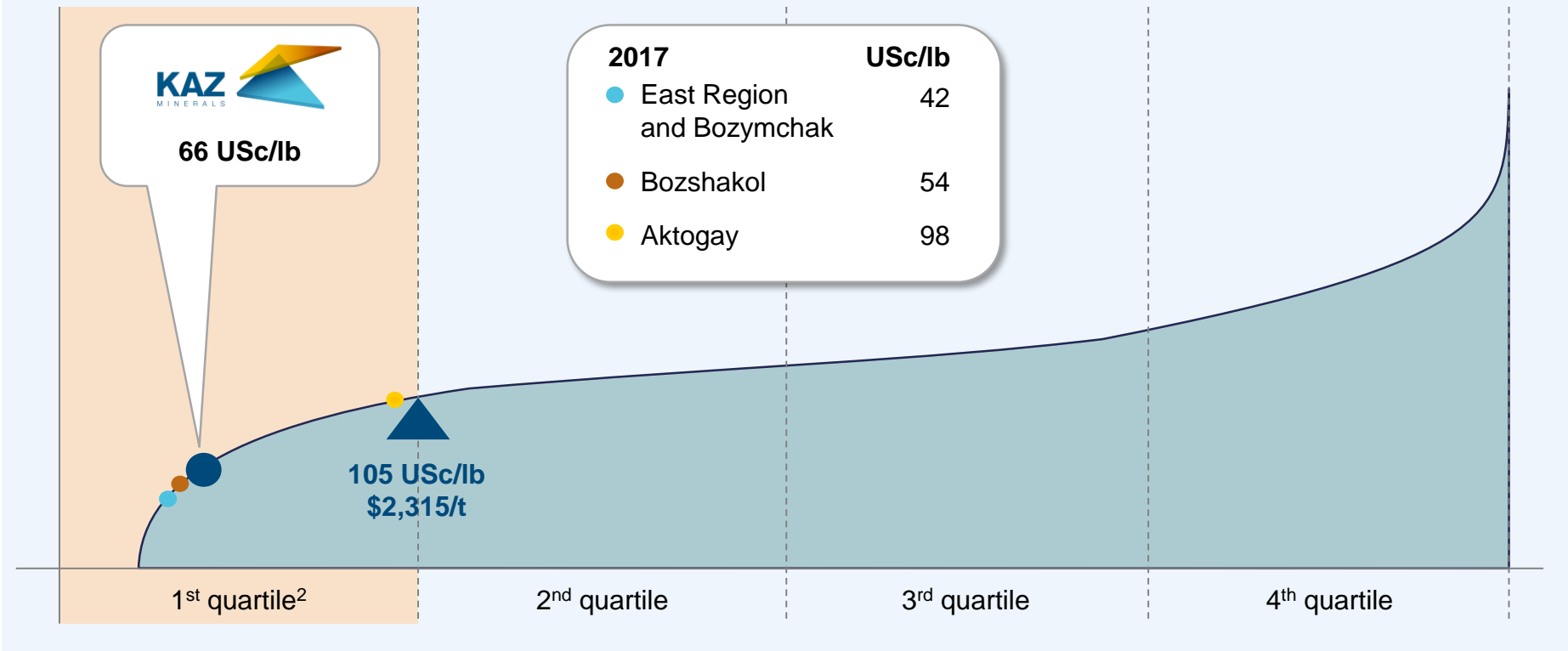
Notes:

1. Indicative and not to scale.
2. Compound annual growth rate.

# FIRST QUARTILE PRODUCER



## Net cash cost curve<sup>1</sup>



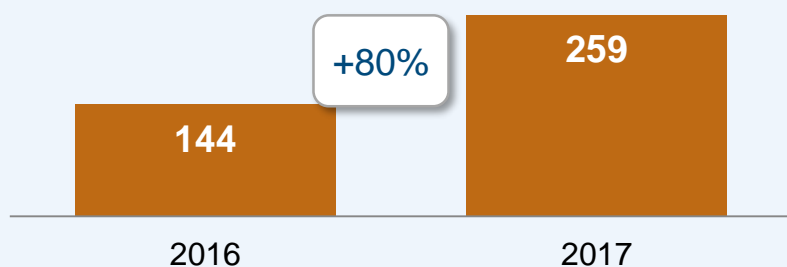
### Notes:

1. Conceptual representation as at 31 December 2017, not to scale.
2. Wood Mackenzie first quartile cut off 105 USc/lb, 31 December 2017.

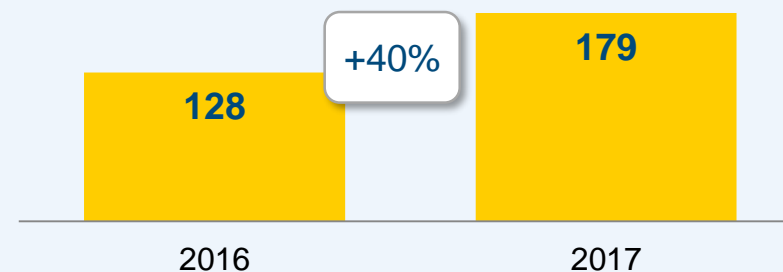
# 2017 HIGHLIGHTS



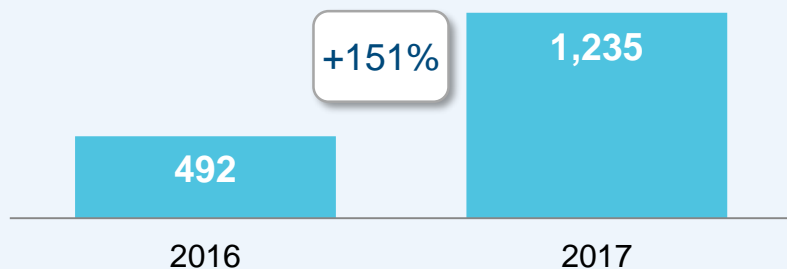
## Copper production (kt)<sup>1</sup>



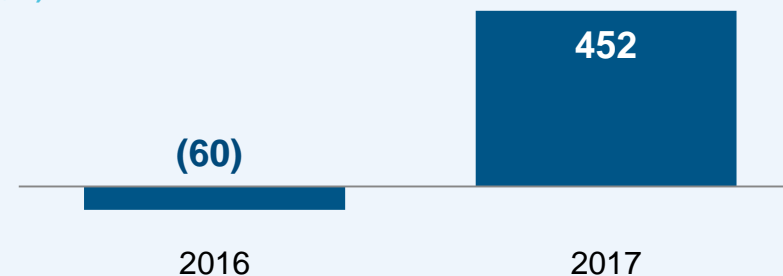
## Gold production (koz)<sup>1</sup>



## Gross EBITDA (\$m)<sup>2</sup>



## Free Cash Flow (\$m)<sup>3</sup>

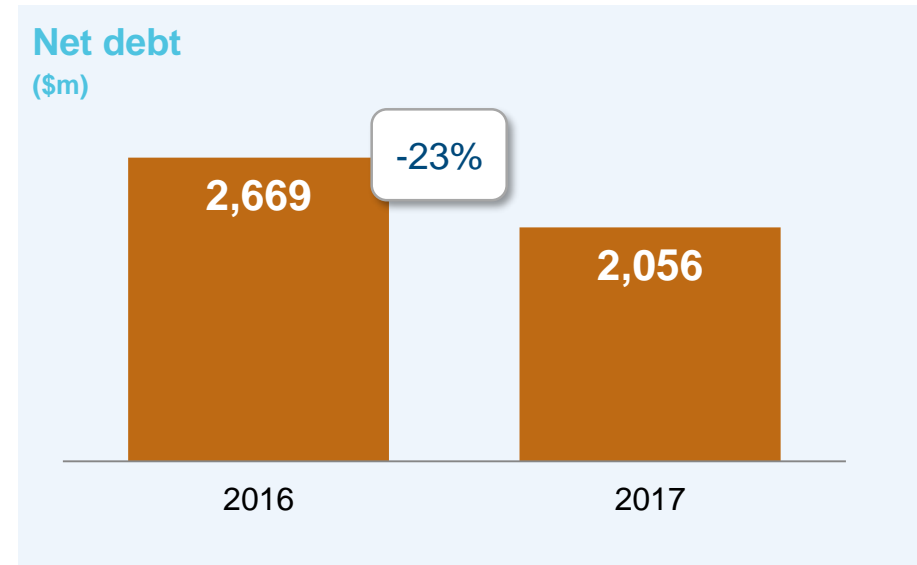
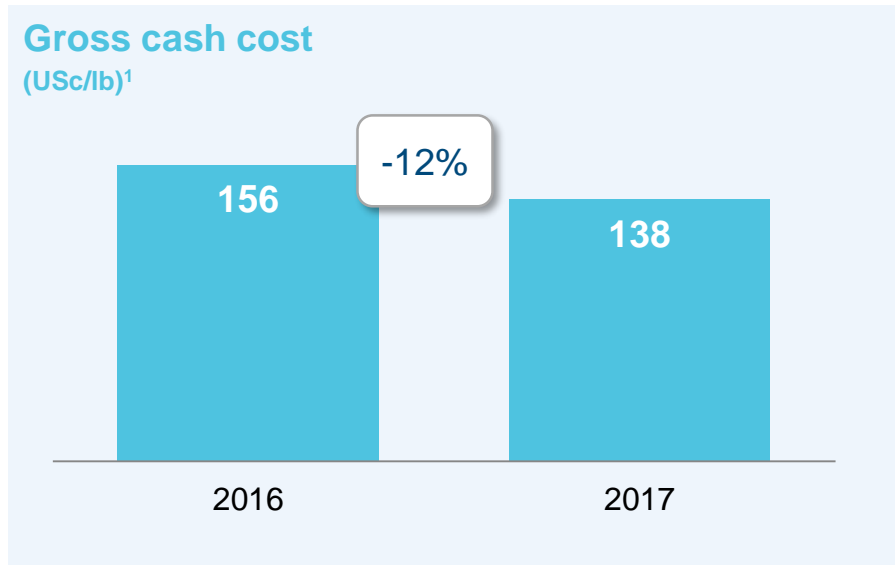


### Notes:

1. Payable metal in concentrate and copper cathode from Aktogay oxide ore.
2. Gross EBITDA (excluding MET, royalties and special items) includes the periods prior to commercial production.
3. Net cash flow from operating activities before capital expenditure and non-current VAT associated with expansionary and new projects, less sustaining capital expenditure.



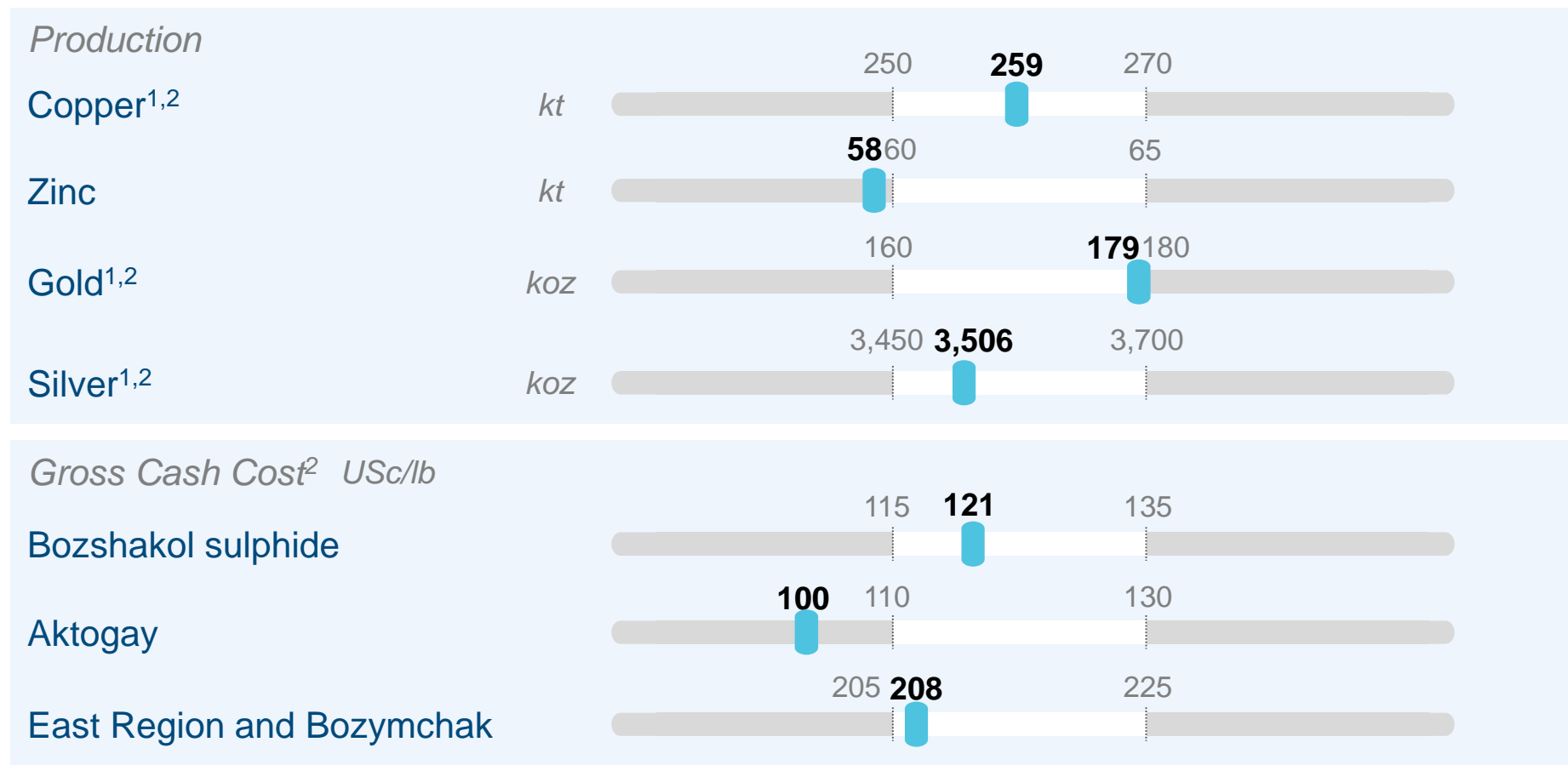
# 2017 HIGHLIGHTS



**Notes:**

1. Includes the periods prior to commercial production.

# DELIVERING AGAINST OUR TARGETS



Notes:

1. Payable metal in concentrate and copper cathode from Aktogay oxide ore.
2. Includes the periods prior to commercial production.

# 2018 GROUP PRODUCTION GUIDANCE



	East Region & Bozymchak	Bozshakol	Aktogay	Group
Copper <sup>1</sup>	c.65 kt	95 – 105 kt	110 <sup>2</sup> – 130 <sup>2</sup> kt	270 – 300 kt
Zinc in concentrate	c.60 kt			c.60 kt
Gold <sup>3</sup>	45 – 50 koz	115 – 125 koz		160 – 175 koz
Silver <sup>3</sup>	c.2,000 koz	c.500 koz	c.500 koz	c.3,000 koz

Notes:

1. Payable metal in concentrate and copper cathode from Aktogay oxide ore.
2. Includes 20-25 kt of cathode production from oxide ore.
3. Payable metal in concentrate.

## 2. Bozshakol

# BOZSHAKOL PRODUCTION



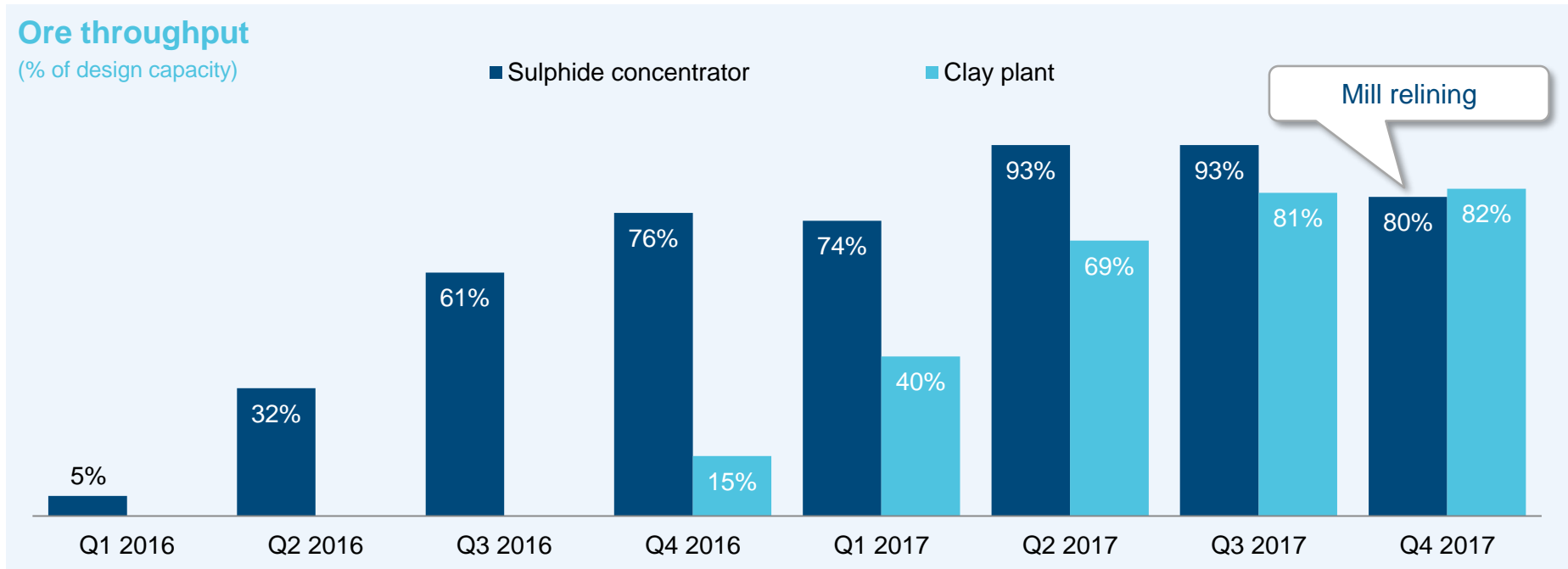
- ▶ Bozshakol doubled copper production in 2017 and achieved guidance across all metals<sup>1</sup>
- ▶ Higher output reflects the increase in processing volumes as both plants ramped up mill throughput
- ▶ Clay plant achieved commercial production in July 2017
- ▶ Q4 sulphide production impacted by mill relining and other repairs



**Notes:**

1. February 2017 guidance range for copper 95-110 kt, for gold 85-110 koz and for silver c.500 koz.
2. Payable metal in concentrate.

# CONCENTRATOR RAMP UP PROGRESS



- ▶ Sulphide concentrator returned to 91% throughput in December following mill relining
- ▶ Testing of molybdenum circuit started at end of 2017, production in 2018 dependent on successful commissioning and market conditions



# PRODUCTION OUTLOOK AND 2018 GUIDANCE



- ▶ Copper production<sup>1</sup> guidance for 2018 is 95-105 kt:
  1. Main sulphide concentrator and clay plant not yet at 100% of design capacity
  2. Mining to minimise the stockpiling and re-handling of clay ore
- ▶ 100 kt of copper production<sup>1</sup> average for the first 10 years

## 2018 guidance

**Copper<sup>1</sup>**

**95 – 105 kt**

**Gold<sup>1</sup>**

**115 – 125 koz**

**Silver<sup>1</sup>**

**c.500 koz**

### Notes:

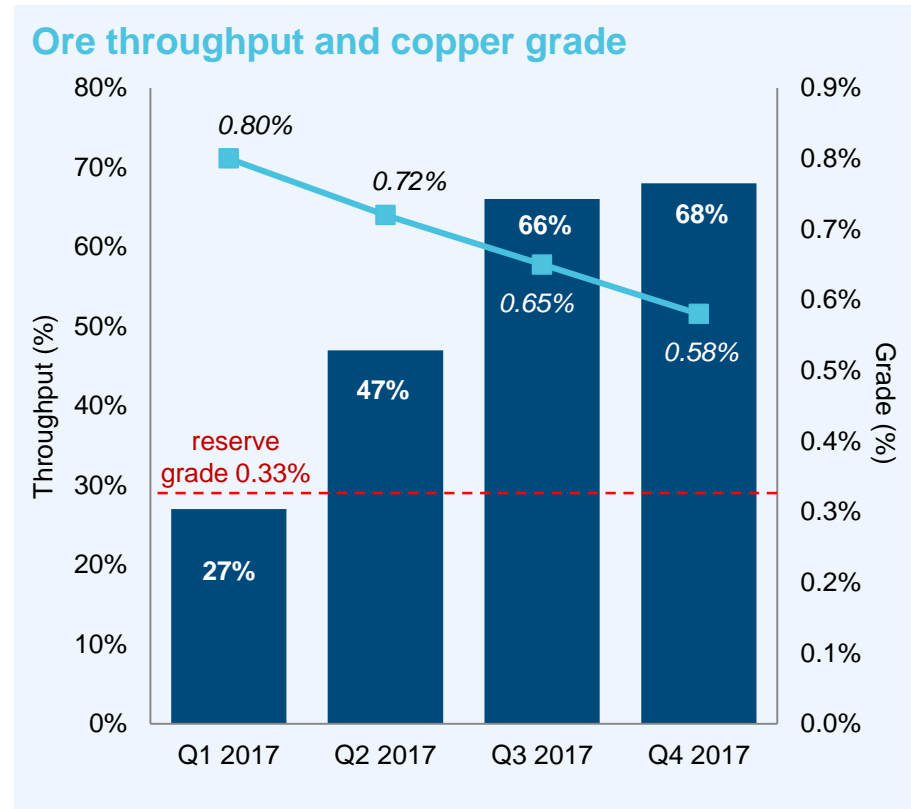
1. Payable metal in concentrate.

### 3. Aktogay

# AKTOGAY SULPHIDE RAMP UP



- ▶ Copper production<sup>1</sup> from sulphide ore of 65 kt, in line with the guidance range 60-70 kt
- ▶ Achieved commercial production on 1 October 2017 – 68% of design throughput in Q4 (Q3: 66%)
- ▶ Benefited from elevated grades of 0.66% due to mining of a layer of supergene enriched ore
- ▶ On track to achieve 100% of design capacity in 2018



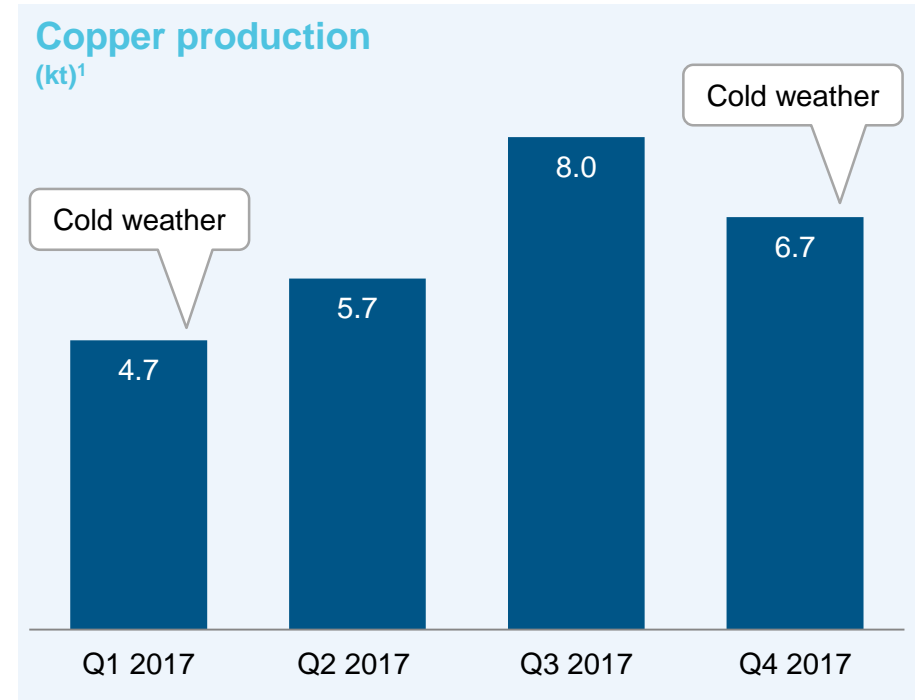
Notes:

1. Payable metal in concentrate.

# OXIDE PRODUCTION



- ▶ SX/EW facilities successfully operated at design capacity in 2017
- ▶ Assisted by improved equipment availability rates and efficiencies in SX/EW process in H2
- ▶ Q3 output boosted by high levels of copper in solution and seasonally warmer temperatures
- ▶ Full year production guidance achieved, 25 kt copper cathode (2016: 18 kt)



Notes:

1. Copper cathode production.

# 2018 GUIDANCE

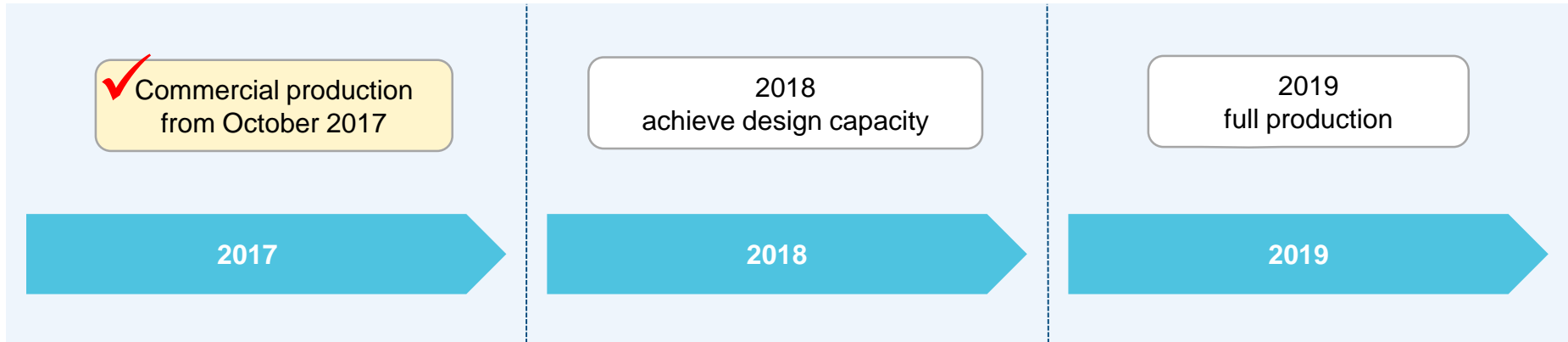


- ▶ Sulphide plant on track to achieve design capacity during 2018
- ▶ Copper guidance is set at 110-130 kt
  - 90-105 kt sulphide
  - 20-25 kt of cathode from oxide

**2018 guidance**

**Copper<sup>1</sup>**

**110 – 130 kt**



Notes:

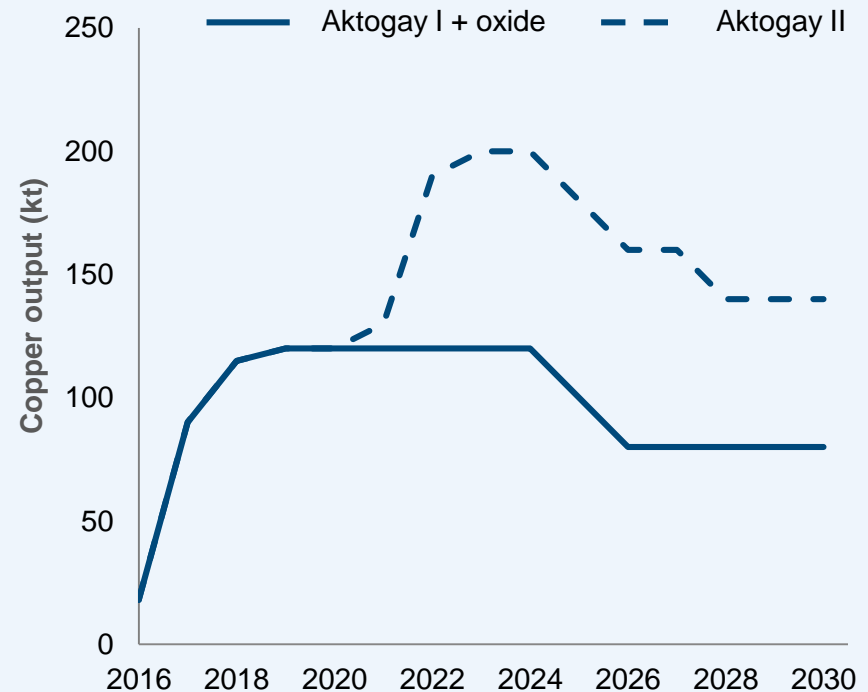
1. Payable metal in concentrate and copper cathode from Aktogay oxide ore.

# AKTOGAY II EXPANSION PROJECT



- ▶ In December 2017 the Board approved a project to double sulphide processing capacity at Aktogay, from 25 Mt to 50 Mt per annum
- ▶ First production expected in H2 2021, ramp up in 2022
- ▶ Adds c.80 kt of annual copper production from 2022-27 and c.60 kt from 2028 onwards
- ▶ Capital budget \$1.2 billion
- ▶ Low risk brownfield expansion of an existing asset, duplicate of existing sulphide plants at Bozshakol and Aktogay
- ▶ To be implemented by the KAZ Minerals projects division which delivered Bozshakol and Aktogay I

Revised copper production profile<sup>1</sup>



Notes:

1. Indicative.





## **4. East Region and Bozymchak**

# EAST REGION AND BOZYMCHAK



## 2017 highlights

- ▶ Copper production<sup>1</sup> reduced to 67 kt in 2017 (2016: 77 kt), 5 kt from closure of Yubileyno-Snegirikhinsky
- ▶ Gold production<sup>1</sup> at top end of guidance
- ▶ Zinc output 58 kt due to delayed access to high grade areas at Artemyevsky
- ▶ Bozymchak operated at full design capacity

## 2018 guidance

Copper <sup>1</sup>	c.65 kt
Zinc in concentrate	c.60 kt
Gold <sup>1</sup>	45 – 50 koz
Silver <sup>1</sup>	c.2,000 koz

### Notes:

1. Payable metal in concentrate.

## 5. 2017 full year results

# HEALTH AND SAFETY

## Review of 2017

- ▶ Four fatalities occurred in 2017 (2016: 6)
  - No fatality is acceptable, target is zero
  - Fatality rate has significantly reduced since 2010
  - Open pit assets have operated with zero fatalities since commencement of production
- ▶ Total Recordable Injury Frequency Rate<sup>1</sup> increased to 1.6 (2016: 1.2), serious injuries reduced

## Improving our performance

- ▶ Site collaboration on safety programmes
- ▶ Focus on leadership, culture and behaviour change
- ▶ Underground mine supervisor target for 30% of time spent in field on health and safety



### Notes:

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

# FINANCIAL UPDATE



\$m (unless otherwise stated)	2017	2016
Gross Revenues <sup>1</sup>	1,938	969
Gross EBITDA <sup>2</sup>	1,235	492
<i>Margin</i>	<i>64%</i>	<i>51%</i>
Revenues	1,663	766
EBITDA <sup>3</sup>	1,038	351
Net cash cost (USc/lb) <sup>4</sup>	66	59
Free Cash Flow <sup>5</sup>	452	(60)
EPS – based on Underlying Profit (\$) <sup>6</sup>	1.07	0.40
Net Debt	(2,056)	(2,669)

- ▶ Continued ramp up of new operations combined with improved commodity prices has transformed earnings and cash flow
- ▶ Gross EBITDA \$1,235 million
  - Includes pre-commercial EBITDA from Aktogay sulphide (\$185 million) and Bozshakol clay plant (\$12 million)
- ▶ Competitive net cash cost of 66 USc/lb, all operations in the first quartile of cost curve
- ▶ Free Cash Flow of \$452 million
- ▶ Net debt \$2,056 million at 31 December 2017, with \$1,821 million of available liquidity

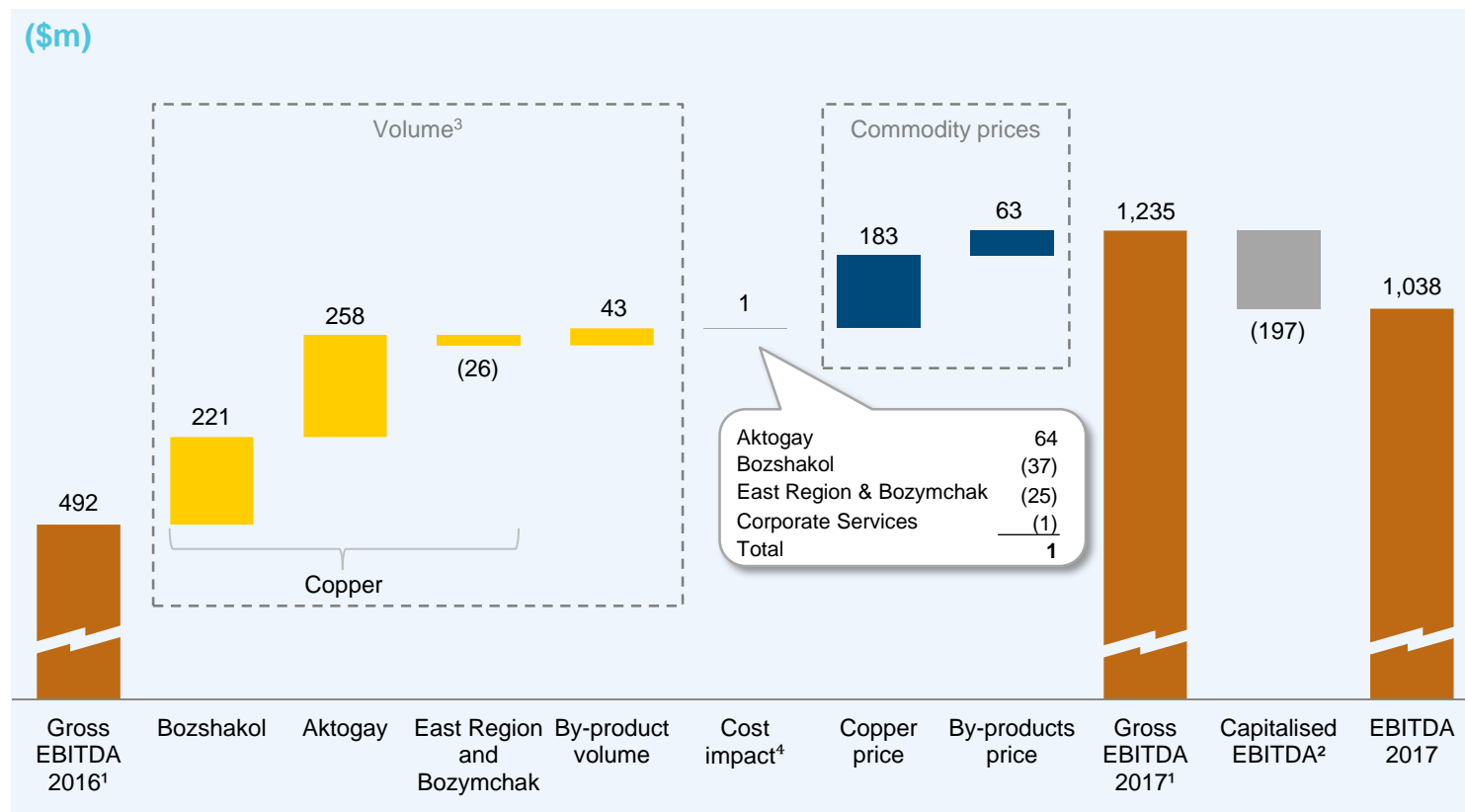
## Notes:

1. Includes all operations for the full year including periods prior to commercial production.
2. Gross EBITDA (excluding MET, royalties and special items) includes all operations for the full year including the periods prior to commercial production.
3. EBITDA (excluding MET, royalties and special items).
4. Cash operating costs, including pre-commercial production costs, plus TC/RC on concentrate sales, less by-product gross revenues, divided by copper sales volumes.
5. Net cash flow from operating activities before capital expenditure and non-current VAT associated with expansionary and new projects, less sustaining capital expenditure.
6. EPS based on Underlying Profit excluding special items.

# GROSS EBITDA RECONCILIATION



## Production output increase from lower cost operations resulted in 151% higher Gross EBITDA



- ▶ Copper volume ramp up of Bozshakol and Aktogay adds \$479 million to Gross EBITDA
- ▶ Favourable commodity prices contribute a further \$246 million

Notes:

1. Includes operations for the full year, including the periods prior to commercial production.
2. 2017 EBITDA capitalised during pre-commercial production at Bozshakol (\$12 million) and Aktogay (\$185 million).
3. 2017 sales volume movement at 2016 cash costs.
4. Net change in cash costs per tonne.

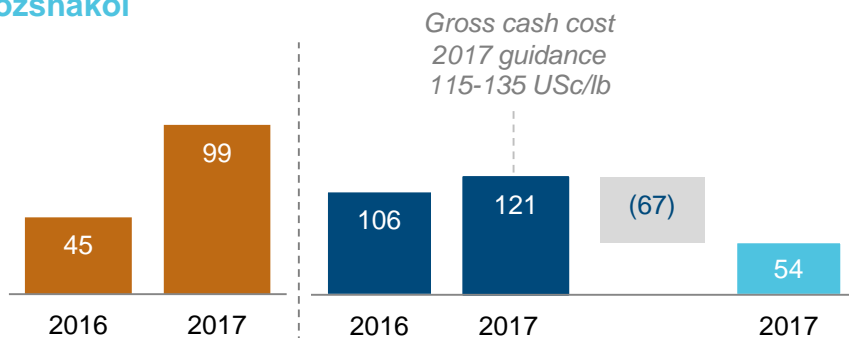


# HIGH GROWTH, LOW COST



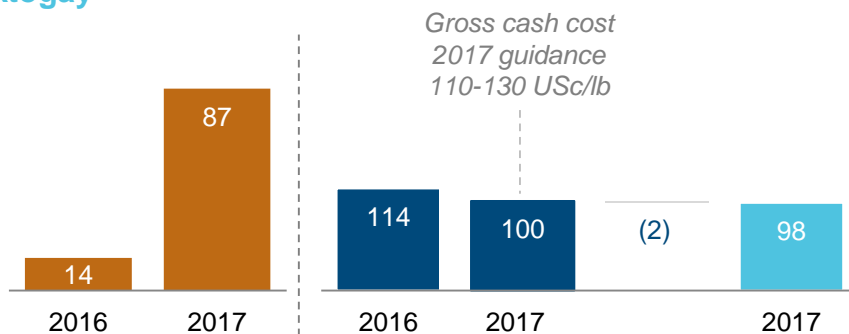
■ Copper sales volumes (kt)   
 ■ Gross cash cost (USc/lb)   
 ■ By-product credit (USc/lb)   
 ■ Net cash cost (USc/lb)

## Bozshakol



- ▶ Gross cash costs increased as expected due to lower grades, ramp up of higher cost clay operations and normalisation of maintenance costs
- ▶ Strong gold output resulted in low net cash cost of 54 USc/lb (2016: 27 USc/lb)

## Aktogay

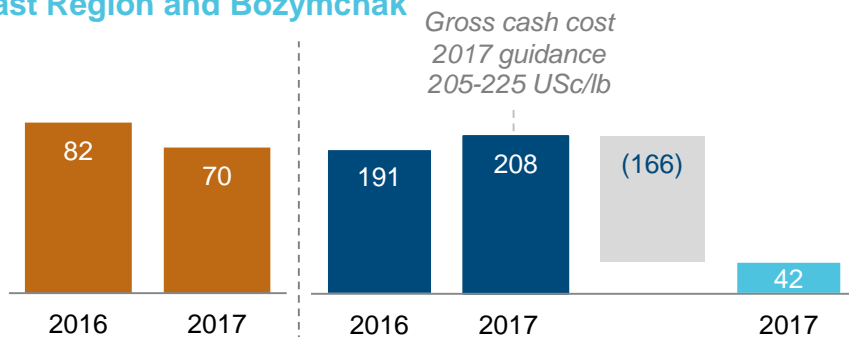


- ▶ Gross cash cost reduced in 2017, mainly due to volume growth from lower cost sulphide operations
- ▶ Costs benefited from temporary elevated copper grade, low maintenance costs and muted inflationary pressures
- ▶ Low strip ratio supports competitive gross cash cost positioning

# HIGH GROWTH, LOW COST

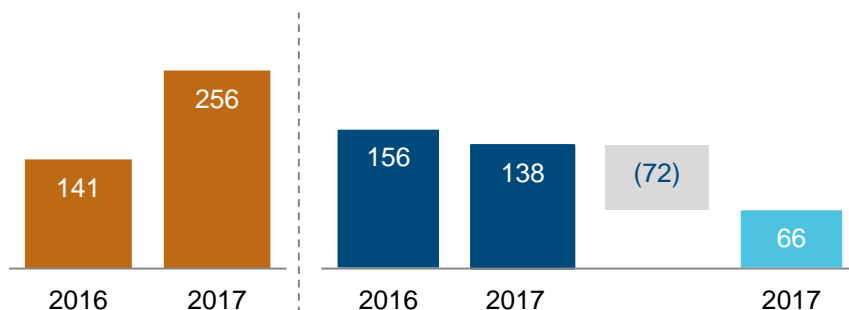
■ Copper sales volumes (kt)   
 ■ Gross cash cost (USc/lb)   
 ■ By-product credit (USc/lb)   
 ■ Net cash cost (USc/lb)

## East Region and Bozymchak



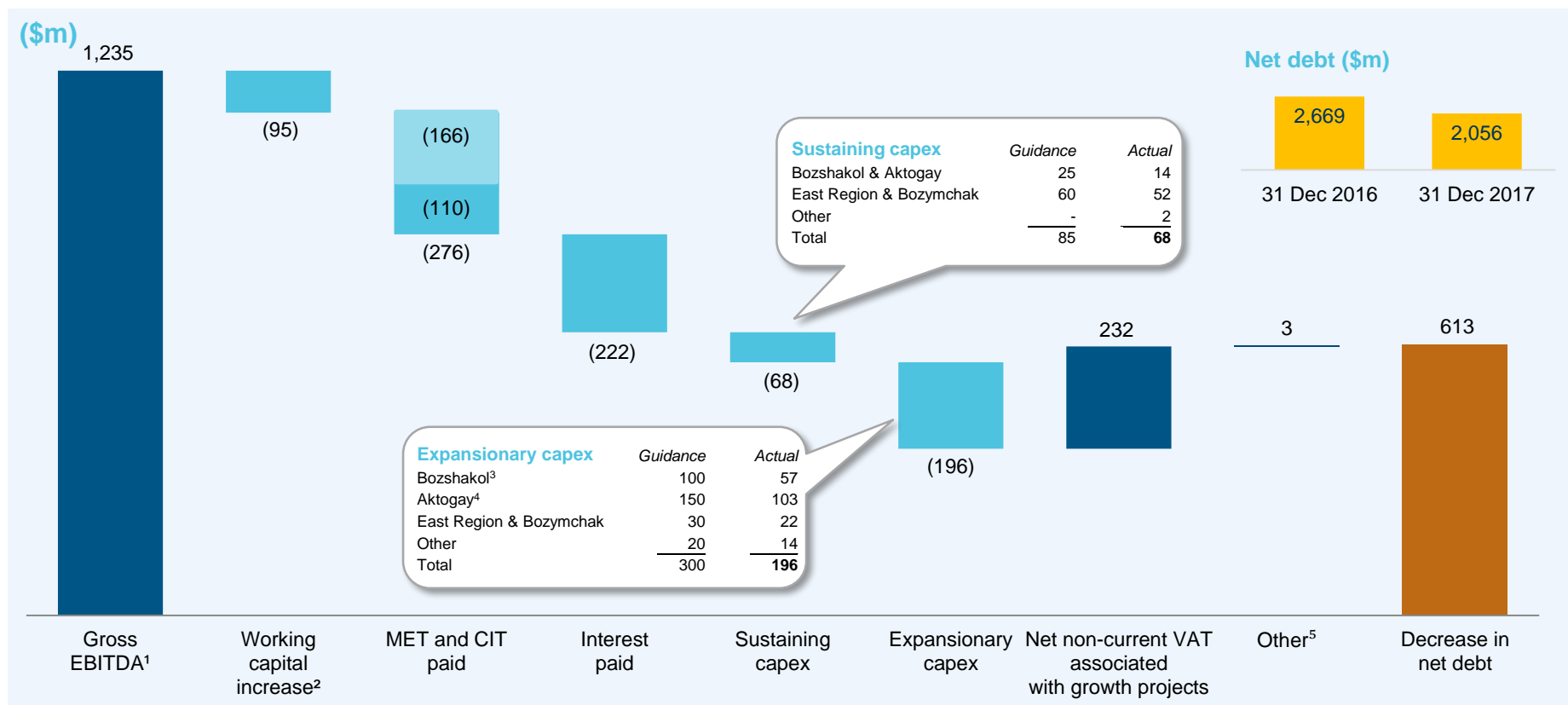
- ▶ 2017 costs were at lower end of market guidance, but above prior year due to 15% reduction in copper sales volumes
- ▶ By-product credits result in competitive first quartile net cash cost of 42 USc/lb (2016: 68 USc/lb)

## Group



- ▶ Group gross cash cost improved due to higher volumes from Aktogay
- ▶ Net cash cost amongst the lowest of pure-play copper producers globally
- ▶ Increase in net cash cost from prior year reflects growth of Aktogay, which has lower by-product credits

# MOVEMENT IN GROUP NET DEBT



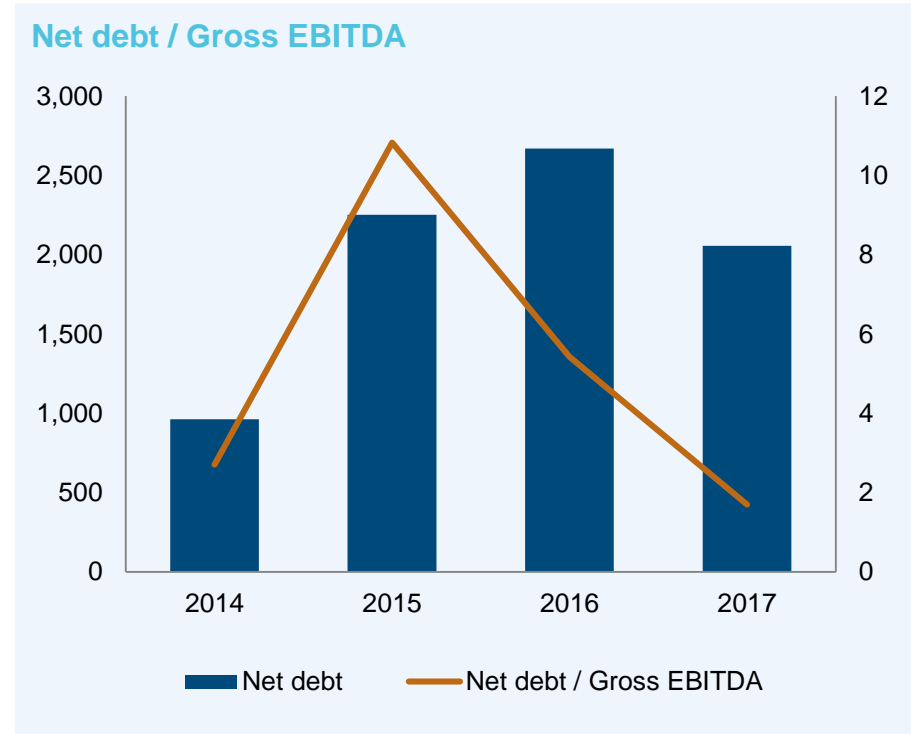
## Notes:

1. Gross EBITDA (excluding MET, royalties and special items) includes all operations, including the periods prior to commercial production.
2. Includes working capital arising from pre-commercial operations at Bozshakol and Aktogay, including MET movements.
3. Includes \$35 million related to clay ore mined to 1 July 2017.
4. Includes \$29 million of inventory investment relating mainly for first fills consumables.
5. Includes foreign exchange, interest received and other movements.

# FINANCIAL POSITION STRENGTHENED



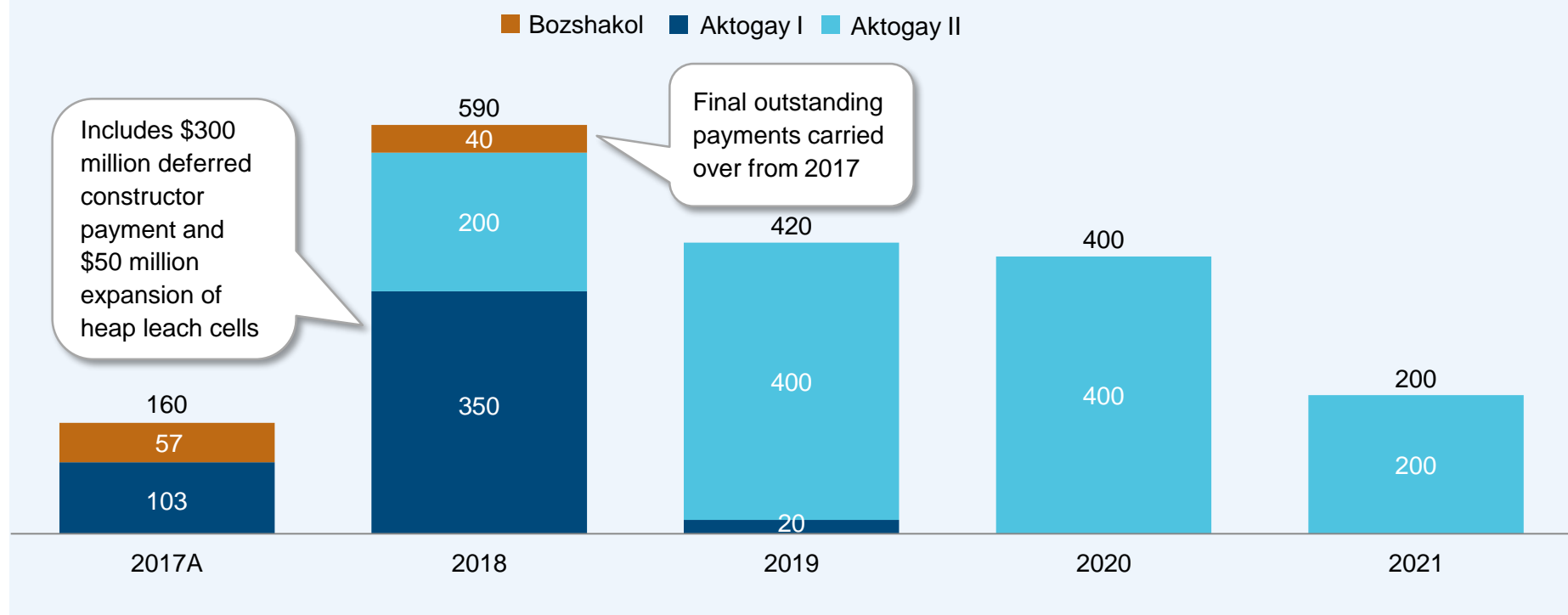
- ▶ Volume growth and low costs result in higher EBITDA and Free Cash Flow
- ▶ Amended and extended PXF facility signed on 8 June 2017, increased facility of \$600 million is fully drawn
- ▶ \$1,821 million of available liquidity at 31 December 2017
- ▶ Capital allocation priorities:
  - i. Focus on deleveraging
  - ii. Invest in high return growth projects
  - iii. Shareholder returns



# INVESTING IN GROWTH



## Major growth projects expansionary capex (\$m)



## 2018 FINANCIAL GUIDANCE



Gross cash cost	Sustaining capex	Expansionary capex
Bozshakol <b>130-150</b> USc/lb	Bozshakol <b>\$35</b> million	Bozshakol <b>\$40</b> million
Aktogay <b>110-130</b> USc/lb	Aktogay <b>\$30</b> million	Aktogay I & II <b>\$550</b> million
East Region & Bozymchak <b>230-250</b> USc/lb	East Region & Bozymchak <b>\$50</b> million	Other (incl. Artemyevsky II) <b>\$40</b> million
	<hr/> <b>Group</b> <b>\$115</b> million	<hr/> <b>Group</b> <b>\$630</b> million



## 6. Delivering the future

# DELIVERING THE FUTURE

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- ▶ 80% increase in copper production in 2017
- ▶ All operations in commercial production
- ▶ Net cash cost of 66 USc/lb, amongst the lowest globally
- ▶ All operations in the first quartile of the cost curve
- ▶ Aktogay expansion project approved to deliver low risk growth
- ▶ Copper outlook materially improved







**APPENDIX**

# SUMMARY INCOME STATEMENT



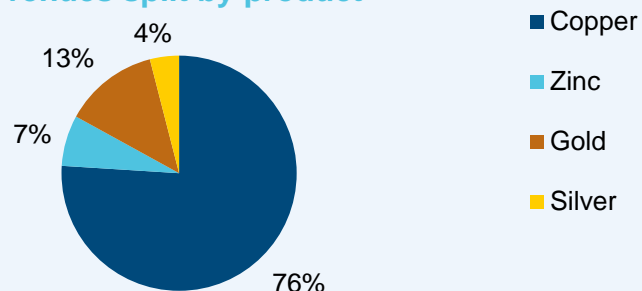
## Key line items

\$m (unless otherwise stated)	2017	2016
<b>Revenues<sup>1</sup></b>	<b>1,663</b>	<b>766</b>
Cost of sales	(755)	(413)
<b>Gross profit</b>	<b>908</b>	<b>353</b>
<b>Operating profit</b>	<b>715</b>	<b>218</b>
Net finance (costs)/income	(135)	2
<b>Profit before taxation</b>	<b>580</b>	<b>220</b>
Income tax expense	(133)	(43)
<b>Profit for the year</b>	<b>447</b>	<b>177</b>
<b>EPS based on Underlying Profit (\$)</b>	<b>1.07</b>	<b>0.40</b>

## Reconciliation of Underlying Profit

\$m	2017	2016
<b>Net profit attributable to equity shareholders of the Company</b>	<b>447</b>	<b>177</b>
Impairment charges	19	3
PXF fees	10	-
<b>Total Underlying Profit</b>	<b>476</b>	<b>180</b>

## 2017 revenues split by product<sup>1</sup>



### Notes:

- Excludes pre-commercial production revenues: 2017 \$275 million (Bozshakol \$21 million, Aktogay \$254 million), 2016 \$203 million (Bozshakol \$187 million, Aktogay oxide \$16 million).

# REVENUES AND SALES VOLUMES (COMMERCIAL PRODUCTION ONLY)



## Revenues<sup>1</sup>

\$m	2017	2016
Copper cathode	629	441
Copper in concentrate	629	85
Zinc in concentrate	115	95
Gold bar	78	69
Gold in concentrate	138	23
Silver bar	50	46
Silver in concentrate	13	1
Other	11	6
<b>Total revenues</b>	<b>1,663</b>	<b>766</b>

## Average realised prices

	2017	2016
Copper cathode (\$/t)	6,252	4,904
Copper in concentrate (\$/t) <sup>3</sup>	5,837	5,210
Zinc in concentrate (\$/t)	2,038	1,271
Gold bar (\$/oz)	1,262	1,249
Gold in concentrate (\$/oz) <sup>3</sup>	1,280	1,068
Silver bar (\$/oz)	17.1	17.2
Silver in concentrate (\$/oz) <sup>3</sup>	16.5	14.3

## Sales volumes<sup>1</sup>

kt (unless otherwise stated)	2017	2016
Copper cathode	101	90
Copper in concentrate <sup>2</sup>	108	16
Zinc in concentrate	57	75
Gold bar (koz)	62	55
Gold in concentrate (koz) <sup>2</sup>	107	22
Silver bar (koz)	2,940	2,679
Silver in concentrate (koz) <sup>2</sup>	745	158

## LME and LBMA Prices

	2017	2016
Copper (\$/t)	6,163	4,860
Zinc (\$/t)	2,896	2,095
Gold (\$/oz)	1,257	1,251
Silver (\$/oz)	17.0	17.1

### Notes:

- Excludes pre-commercial activities, therefore excludes Bozshakol sulphide prior to 27 October 2016, clay prior to 1 July 2017, Aktogay oxide prior to 1 July 2016 and sulphide prior to 1 October 2017.
- Payable metal in concentrate sold during the periods of commercial production.
- After the deduction of processing charges.

# GROSS REVENUES AND SALES VOLUMES



## Gross Revenues<sup>1</sup>

\$m	2017	2016
Copper cathode	698	457
Copper in concentrate	834	212
Zinc in concentrate	115	95
Gold bar	78	69
Gold in concentrate	138	79
Silver bar	50	46
Silver in concentrate	14	5
Other <sup>3</sup>	11	6
<b>Total revenues</b>	<b>1,938</b>	<b>969</b>

## Average realised prices

	2017	2016
Copper cathode (\$/t)	6,233	4,898
Copper in concentrate (\$/t) <sup>3</sup>	5,804	4,483
Zinc in concentrate (\$/t)	2,038	1,271
Gold bar (\$/oz)	1,262	1,249
Gold in concentrate (\$/oz) <sup>3</sup>	1,280	1,222
Silver bar (\$/oz)	17.1	17.2
Silver in concentrate (\$/oz) <sup>3</sup>	16.5	17.2

## Sales volumes<sup>1</sup>

kt (unless otherwise stated)	2017	2016
Copper cathode	112	93
Copper in concentrate <sup>2</sup>	144	48
Zinc in concentrate	57	75
Gold bar (koz)	62	55
Gold in concentrate (koz) <sup>2</sup>	107	65
Silver bar (koz)	2,940	2,679
Silver in concentrate (koz) <sup>2</sup>	819	347

## LME and LBMA Prices

	2017	2016
Copper (\$/t)	6,163	4,860
Zinc (\$/t)	2,896	2,095
Gold (\$/oz)	1,257	1,251
Silver (\$/oz)	17.0	17.1

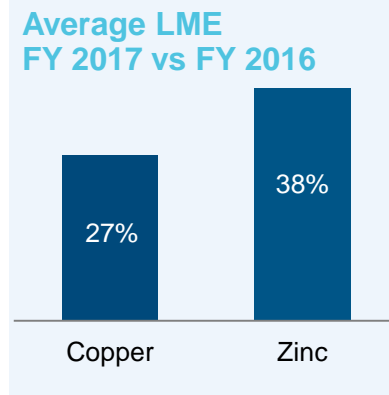
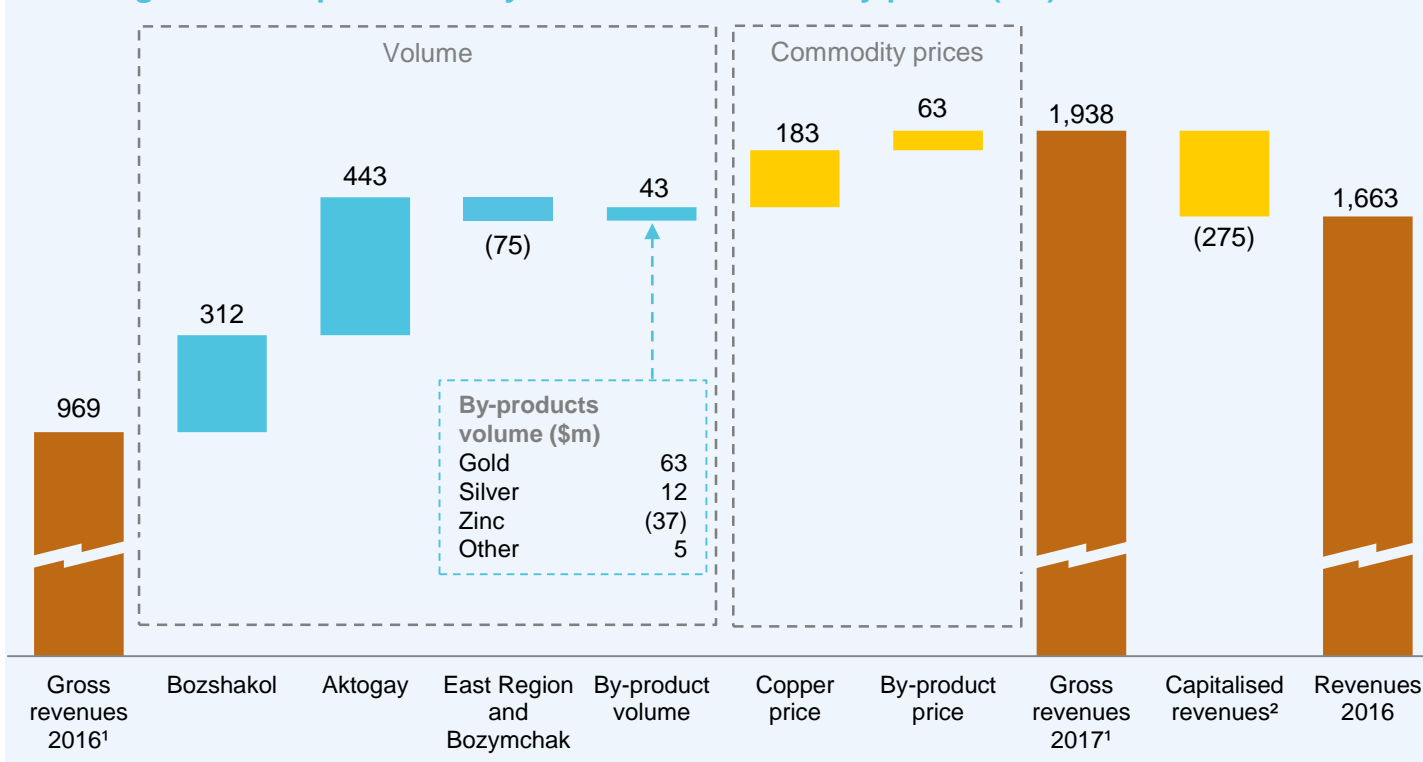
### Notes:

1. Includes pre-commercial activities, therefore includes Aktogay and Bozshakol for the full year.
2. Payable metal in concentrate.
3. After the deduction of processing charges.

# REVENUE RECONCILIATION



## Volume growth complemented by increase in commodity prices (\$m)



Notes:

- Includes pre-commercial production revenues: 2017 \$275 million (Bozshakol clay \$21 million, Aktogay sulphide \$254 million), 2016 \$203 million (Bozshakol \$187 million, Aktogay oxide \$16 million).
- Revenues relating to pre-commercial production activities at Bozshakol clay (\$21 million) and Aktogay sulphide (\$254 million) are capitalised and therefore excluded from revenues.

# EBITDA<sup>1</sup> RECONCILIATION



## EBITDA by operating segment

\$m	2017	2016
Bozshakol <sup>2</sup>	515	204
Aktogay <sup>2</sup>	374	33
East Region and Bozymchak	371	279
Corporate services	(25)	(24)
<b>Gross EBITDA<sup>2</sup></b>	<b>1,235</b>	<b>492</b>
Less: Capitalised pre-commercial production EBITDA	(197)	(141)
Bozshakol	(12)	(137)
Aktogay	(185)	(4)
<b>EBITDA</b>	<b>1,038</b>	<b>351</b>

### Notes:

1. EBITDA (excluding MET, royalties and special items).
2. Gross EBITDA (excluding MET, royalties and special items) includes the periods prior to commercial production.

# CASH FLOW



(\$m)	2017	2016
<b>EBITDA<sup>1</sup></b>	<b>1,038</b>	<b>351</b>
Working capital movements <sup>2</sup>	(40)	(73)
Interest paid	(222)	(179)
MET and royalties paid <sup>2</sup>	(151)	(73)
Income tax paid	(110)	(39)
Foreign exchange and other movements	5	4
<b>Net cash flows from operating activities before capital expenditure and non-current VAT associated with major growth projects</b>	<b>520</b>	<b>(9)</b>
Sustaining capital expenditure	(68)	(51)
<b>Free Cash Flow</b>	<b>452</b>	<b>(60)</b>
Expansionary and new project capital expenditure <sup>3</sup>	(69)	(273)
Non-current VAT associated with major growth projects	232	(89)
Proceeds from disposal of property, plant and equipment	1	1
Interest received	16	9
Other	(1)	(3)
<b>Cash flow movement in net debt</b>	<b>631</b>	<b>(415)</b>

## Notes:

1. EBITDA (excluding MET, royalties and special items).
2. Excludes working capital and MET movements arising from pre-commercial production activities at the Bozshakol and Aktogay operations in 2017 and in 2016.
3. Capital expenditure includes the capitalisation or revenues, costs and working capital outflows during the periods of pre-commercial production.

# SUMMARY BALANCE SHEET



## Assets

\$m	2017	2016
Non-current assets	3,215	3,536
Gross liquid funds	1,821	1,108
Other current assets	586	413
<b>Total</b>	<b>5,622</b>	<b>5,057</b>

## Non-current assets

\$m	2017	2016
Intangible assets	7	8
Tangible assets	2,973	3,092
Other non-current assets	170	364
Deferred tax asset	65	72
<b>Total</b>	<b>3,215</b>	<b>3,536</b>

## Equity & liabilities

\$m	2017	2016
Equity	998	536
Borrowings	3,877	3,777
Other liabilities	747	744
<b>Total</b>	<b>5,622</b>	<b>5,057</b>

## Net debt

\$m	2017	2016
Gross liquid funds	1,821	1,108
Borrowings	(3,877)	(3,777)
<i>Short-term</i>	(418)	(331)
<i>Long-term</i>	(3,459)	(3,446)
<b>Total</b>	<b>(2,056)</b>	<b>(2,669)</b>



# DEBT FACILITIES

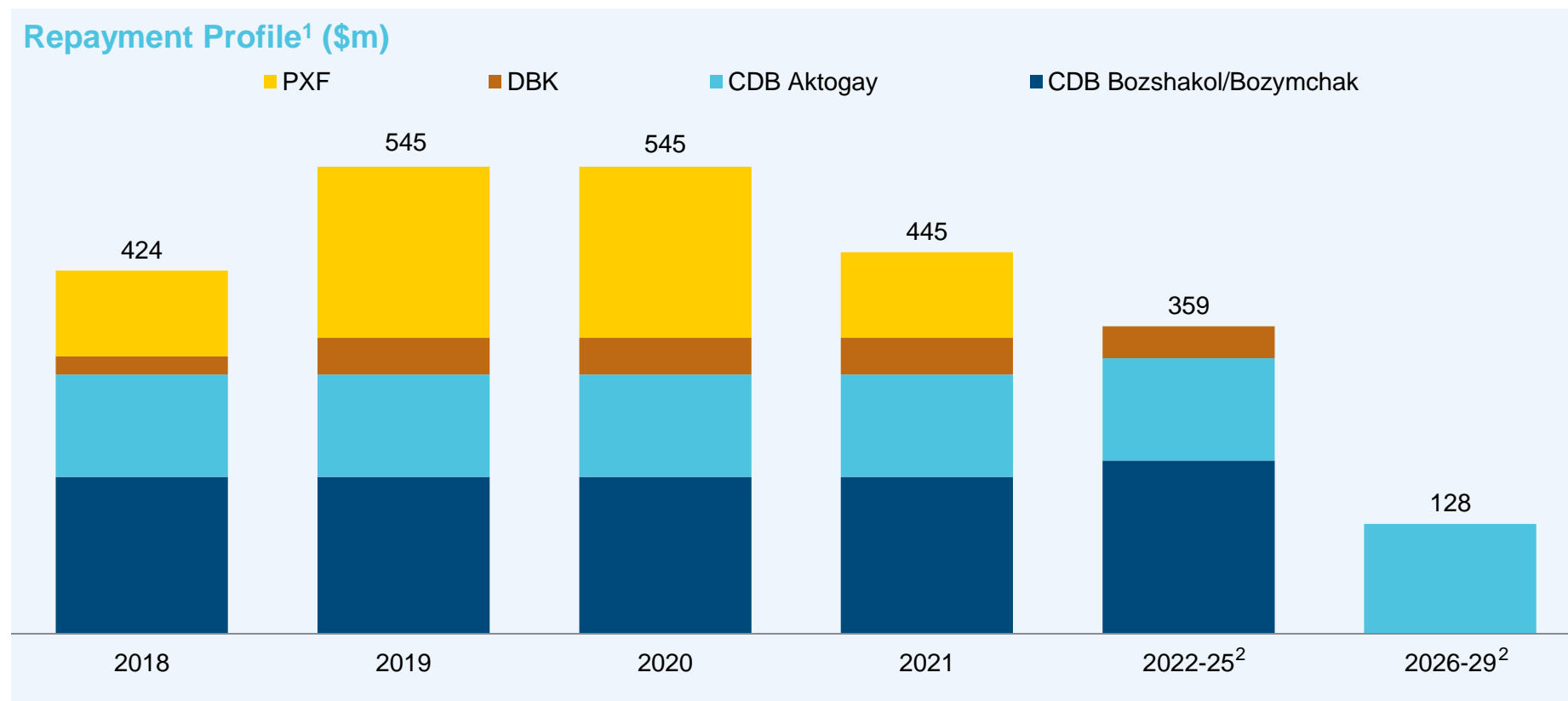


Facility	Maturity and interest rate	Balance as at 31 December 2017 <sup>1</sup>
<b>CDB Bozshakol/ Bozymchak</b>	<b>Final maturity 2025</b> <ul style="list-style-type: none"> <li>▶ \$ LIBOR + 4.5%</li> <li>▶ Semi-annual principal and interest payments</li> </ul>	<b>Fully drawn – \$1,539 million</b> <ul style="list-style-type: none"> <li>▶ Balance sheet covenant</li> </ul>
<b>CDB Aktogay</b>	<b>Final maturity 2029</b> <ul style="list-style-type: none"> <li>▶ \$ LIBOR + 4.2% (USD facility)</li> <li>▶ PBoC 5 year (RMB facility)</li> <li>▶ USD facility - semi-annual principal payments from March 2018; semi-annual interest payments</li> <li>▶ RMB facility - semi-annual principal payments; quarterly interest payments</li> </ul>	<b>Fully drawn – \$1,469 million</b> <ul style="list-style-type: none"> <li>▶ Balance sheet covenant</li> </ul>
<b>DBK Aktogay</b>	<b>Final maturity 2025</b> <ul style="list-style-type: none"> <li>▶ \$ LIBOR + 4.5%</li> <li>▶ Semi-annual principal payments from June 2018</li> <li>▶ Semi-annual interest payments (USD)</li> </ul>	<b>Fully drawn – \$300 million</b> <ul style="list-style-type: none"> <li>▶ Balance sheet covenant</li> </ul>
<b>PXF</b>	<b>Final maturity 2021</b> <ul style="list-style-type: none"> <li>▶ Margin based on net debt/EBITDA ratio                             <ul style="list-style-type: none"> <li>- between \$ LIBOR +3.0% to 4.5%</li> </ul> </li> <li>▶ Monthly interest payments</li> <li>▶ Monthly principal repayments from July 2018 to June 2021</li> </ul>	<b>Fully drawn – \$600 million</b> <ul style="list-style-type: none"> <li>▶ New \$600m PXF signed in June 2017                             <ul style="list-style-type: none"> <li>- Extended final maturity by 2.5 years to June 2021</li> <li>- Monthly principal repayments from July 2018</li> </ul> </li> </ul>

Notes:

1. Drawn amount excludes amortised net fees.

# DEBT REPAYMENTS



Notes:

1. Based on drawn debt facilities at 31 December 2017.
2. Average debt repayments per annum.

# GROUP CASH COST RECONCILIATION<sup>1</sup>



\$m (unless otherwise stated)	2017	2016	2015	H2 2017	H1 2017	H2 2016	H1 2016	H2 2015	H1 2015
Copper sales volumes (kt) <sup>2</sup>	256	141	79	141	115	87	54	43	36
Revenues	1,663	766	665	942	721	464	302	324	341
EBITDA <sup>3</sup>	(1,063)	(375)	(240)	(624)	(439)	(248)	(127)	(131)	(109)
Pre-commercial production <sup>4</sup>	78	62	6	38	40	33	29	-	6
Cost of purchased copper cathode	-	-	(28)	-	-	-	-	(6)	(22)
TC/RCs and other adjustments	98	31	-	53	45	29	2	2	(2)
<b>Gross cash cost</b>	<b>776</b>	<b>484</b>	<b>403</b>	<b>409</b>	<b>367</b>	<b>278</b>	<b>206</b>	<b>189</b>	<b>214</b>
<b>Gross cash cost (USc/lb)</b>	<b>138</b>	<b>156</b>	<b>230</b>	<b>132</b>	<b>144</b>	<b>146</b>	<b>173</b>	<b>197</b>	<b>270</b>
By-product credits	(406)	(300)	(212)	(201)	(205)	(187)	(113)	(94)	(118)
Net cash costs	370	184	191	208	162	91	93	95	96
<b>Net cash cost (USc/lb)</b>	<b>66</b>	<b>59</b>	<b>109</b>	<b>67</b>	<b>64</b>	<b>48</b>	<b>78</b>	<b>99</b>	<b>121</b>

## Notes:

1. 2015 includes East Region and Bozymchak only.
2. Includes sales for the full year, including the periods prior to commercial production. 2015 excludes sales of 5 kt of externally purchased material.
3. EBITDA (excluding MET, royalties and special items), excludes corporate services.
4. Cash operating costs capitalised during the periods prior to commercial production.

# AKTOGAY OPERATING COSTS AND SUSTAINING CAPEX



- ▶ Net cash costs to 2027 expected to be maintained at 100-120 USc/lb<sup>1</sup>
- ▶ Operating cost efficiencies from larger scale mining operations offset the effect of accelerated grade decline, as processing volumes are brought forward
- ▶ Sustaining capital expenditure estimated to increase from \$30-\$40 million to \$50-\$60 million per annum from 2022

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

12 months to 31 December 2017,  
supergene enriched **0.66%**

2017 – 2021  
Aktogay I **c.0.50%**

2022 – 2027  
Aktogay I and Aktogay II **c.0.40%**

Life of mine sulphide  
resource grade **0.33%**

### Notes:

1. 2017 US dollar terms.
2. Sulphide ore.

# AKTOGAY KEY PROJECT STATISTICS

## Aktogay sulphide I

- ▶ 25 Mt annual sulphide ore processing capacity
- ▶ Mine life of over 50 years
- ▶ Average annual copper production of 90 kt, 2018-27
- ▶ Project development cost \$2.0 billion<sup>1</sup>

## Aktogay sulphide II

- ▶ Additional 25 Mt sulphide ore processing capacity
- ▶ Reduces mine life to 28 years
- ▶ Increases sulphide copper production to c.170 kt, 2022-27 and c.130 kt annual thereafter
- ▶ Project development cost \$1.2 billion, 2018-21

## Aktogay oxide

- ▶ Cathode production c.20 kt, 8 year resource life to 2025



*Aktogay sulphide concentrator no. 1*

### Notes:

1. Aktogay capital expenditure including sulphide and oxide.

# RESTRUCTURING OCTOBER 2014





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