



## KAZAKHMYRS PLC

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Company registered in England and Wales  
Company Number: 5180783

30 April 2014

## KAZAKHMYRS PLC PRODUCTION REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2014 AND INTERIM MANAGEMENT STATEMENT

- **Copper cathode equivalent output of 69.5 kt**
  - Ore extraction reduced in high cost areas to protect margins
    - Extraction levels will be increased over the year
  - On track to meet annual production target of between 285 kt and 295 kt
- **All by-product output in line with annual targets**
  - First quarter output of silver 2,813 koz, gold 28.2 koz and zinc 31.7 kt
- **Financial highlights**
  - Copper cathode equivalent sales, in line with output at 69.6 kt
  - Net debt of \$996 million at 31 March 2014
    - \$1.25 billion net proceeds from completion of Ekibastuz GRES-1 disposal received 2 April 2014
    - Acquisition agreed of Group's third major growth project – Koksay

Oleg Novachuk, Chief Executive Officer, said: "We have enjoyed a sound start to the year and are on track to deliver our production targets. Management remain focused on efficient production and have reduced output in high cost areas. We are making good progress with our restructuring review and look forward to updating stakeholders in the second half of the year."

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**Kazakhmys PLC**

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**NOTES TO EDITORS**

Kazakhmys PLC is a leading international natural resources group. It is the largest copper producer in Kazakhstan and one of the top worldwide with 16 operating mines, 7 concentrators and a copper smelter. Kazakhmys Mining has a full range of facilities enabling it to process ore extracted through to finished metal. Total copper cathode equivalent output from own ore was 294 kt in 2013. The Group has two major copper projects under construction.

Kazakhmys Mining produces significant volumes of other metals, including zinc, silver and gold. In 2013, it produced 134 kt of zinc in concentrate. The Group is amongst the largest global silver producers with output of 14 Moz in 2013.

Kazakhmys Power operates three captive power stations which supply electricity to Kazakhmys Mining and third parties. In 2013, net power generated by captive power stations was 5,723 GWh.

The Group is listed on the London Stock Exchange, the Kazakhstan Stock Exchange and the Hong Kong Stock Exchange. It had revenues from continuing operations of \$3.1 billion in 2013 and a Group EBITDA of \$1.1 billion. The Group employs around 56,000 people, principally in Kazakhstan.

In February 2014, the Group announced plans for a potential restructuring of its business in order to improve profitability and cash returns.

### KAZAKHMYN MINING PRODUCTION

		Q1 2014	Q4 2013	Q1 2013
Ore extraction <sup>1</sup>	'000 t	8,644	9,619	9,914
Average copper grade	%	1.03	1.03	0.98
Own copper in concentrate	'000 t	72.9	78.1	79.7
Own copper cathode equivalent production <sup>2</sup>	'000 t	69.5	79.1	72.6
cathode	'000 t	46.4	52.7	72.6
concentrate <sup>3</sup>	'000 t	23.1	26.4	-

<sup>1</sup> Excludes output from the Bozymchak mine which has been stockpiled ahead of the commissioning of the concentrator.

<sup>2</sup> Includes copper cathode converted into rod, excluding tolling.

<sup>3</sup> Copper cathode equivalent of copper in concentrate sold.

Ore extraction in Q1 2014 of 8,644 kt was 10% below Q4 2013 and 13% below Q1 2013. Mining activity was reduced in some high cost areas of the Zhezkazgan Region to protect margins. In the Central Region output was restricted at the Nurkazgan mine by maintenance at the concentrator and equipment downtime. Mining operations were suspended at Abyz mine in January 2014 for stripping work. It is anticipated that extraction in certain of these assets will increase during the year.

The average copper grade of 1.03% was in line with the previous quarter. A decrease in grade at the South and East mines in the Zhezkazgan Region was offset by the temporary mining of particularly copper rich areas at Orlovsky mine in the East Region.

Consistent grade combined with lower ore volumes led to a 10% decrease in copper in ore mined compared to Q4 2013. Copper in concentrate output from own material decreased by 7% to 72.9 kt, as higher volumes of ore were stockpiled in the previous quarter. Copper in concentrate output from own material was 9% below Q1 2013 reflecting the lower volumes of extracted ore.

Following the suspension of the smelter and refinery in Zhezkazgan in Q3 2013, around 40% of the Group's total copper output in 2014 is expected to be sold as copper in concentrate. In Q1 2014, copper in concentrate sales were 23.1 kt on a copper cathode equivalent basis, and are included in the "own copper cathode equivalent production" shown above. The copper cathode equivalent and related by-products contained in the concentrate sold, principally silver, are only recognised as 'produced' when the concentrate is transferred to the customer. Copper and silver granule equivalents are recognised at recovery rates of 96.5% and 90.0% respectively.

The smelter and refining complex at Balkhash continues to produce copper cathode with the majority of the material supplied by the East and Central Regions. In Q1 2014, 7.9 kt of copper in concentrate was transferred from the Zhezkazgan Region to the Balkhash Complex for processing.

## Copper Summary

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### KAZAKHMYS MINING PRODUCTION (CONTINUED)

Copper cathode equivalent production from own concentrate decreased by 12% to 69.5 kt compared to Q4 2013, reflecting the 7% reduction in copper in concentrate output. Copper production volumes in Q4 2013 also benefited from a greater release of work in progress as the Zhezkazgan smelter ran down its inventory following its suspension.

Copper cathode equivalent production from own concentrate in Q1 2014 was 4% below the comparative quarter in 2013 as the 9% decline in copper in concentrate output was partially offset by a significant build-up of work in progress due to maintenance at the Balkhash smelter in Q1 2013.

## KAZAKHMYNS MINING PRODUCTION

		Q1 2014	Q4 2013	Q1 2013
Zinc bearing ore mined	'000 t	1,550	1,929	1,597
Average zinc grade	%	3.71	3.08	3.15
Zinc in concentrate	'000 t	31.7	34.5	32.0
Silver bearing ore mined	'000 t	8,644	9,619	9,914
Average silver grade	g/t	15.92	16.03	16.97
Silver <sup>1</sup>	'000 oz	2,813	3,928	3,361
Own production <sup>2</sup>	'000 oz	1,802	2,769	3,361
Silver in copper concentrate sold <sup>3</sup>	'000 oz	1,011	1,159	-
Gold bearing ore mined	'000 t	2,658	3,503	2,941
Average grade	g/t	0.59	0.75	0.55
Gold <sup>1</sup>	'000 oz	28.2	29.3	24.2
Own production <sup>2</sup>	'000 oz	28.2	28.3	24.0

<sup>1</sup> Includes a small volume of production from former Kazakhmys Gold's mines.

<sup>2</sup> Includes slimes from purchased concentrate.

<sup>3</sup> Silver granule equivalent of silver in concentrate sold.

### Zinc

The extraction of zinc bearing ore was 20% below the previous quarter mainly due to the commencement of stripping works at Abyz mine in January 2014. The lower output of zinc bearing ore was partially offset by higher grades at the Orlovsky and Artemyevsky mines in the East Region, leading to only a 3% decline of zinc metal in ore mined.

Zinc in concentrate output reduced by 8% to 31.7 kt from the previous quarter, reflecting a lower volume of zinc metal in ore processed due to the timing of ore processing from Artemyevsky mine. The production of zinc in concentrate in Q1 2014 was in line with Q1 2013, reflecting similar processing volumes of zinc metal.

During Q1 2014, zinc bearing ore was stockpiled at Akbastau containing approximately 6.2 kt of zinc metal (FY 2013: 11 kt), which is unlikely to be processed in the near future.

### Silver

Silver in ore mined decreased in Q1 2014 by 11% and 18% compared to Q4 2013 and Q1 2013, respectively. This reduction was due to lower grades and volumes of ore mined. Output of silver decreased by 28% from the previous quarter, further impacted by lower recovery rates, due to lower grade in ore processed. Movements of work in progress between the comparative quarters also affected output.

Copper concentrate containing 1,011 koz of silver granule equivalent was sold in Q1 2014 (Q4 2013: 1,159 koz).

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### KAZAKHMYS MINING PRODUCTION (CONTINUED)

#### Gold

The commencement of stripping work at Abyz mine in the Central Region led to a 40% decrease in gold in metal mined compared to Q4 2013, which also impacted grades. However, gold output of 28.2 koz during Q1 2014 benefited from a release of work in progress at the refining facilities and the processing of stockpiled ore from Abyz. It is anticipated that Abyz mine will recommence production in Q3 2014.

The output of gold in Q1 2014 was 17% above Q1 2013 reflecting an increase in recovery rates and a release of work in progress in Q1 2014. There was also no output from Abyz in Q1 2013 due to stripping works, whilst in Q1 2014 there was processing of stockpiled Abyz ore.

## ZHEZKAZGAN REGION

		Q1 2014	Q4 2013	Q1 2013
Ore extraction	'000 t	4,918	5,131	5,800
Average copper grade	%	0.78	0.83	0.81
Copper concentrate	'000 t	96.8	101.2	120.3
Copper in concentrate	'000 t	32.7	34.8	39.5

A simplified operational management structure to reduce operational costs was introduced in the Zhezkazgan Region in Q1 2014. The East and West mines, which are interconnected, have been combined under a single management team and going forward output will be reported under East mine. Similarly, South and Stepnoy mines, which are also interconnected, have combined their management and will be reported on as South mine. The historic production data has been restated to reflect these changes.

Ore extraction in Q1 2014 was 4% below the previous quarter and 15% below Q1 2013 as mining activity was further reduced in high cost areas, such as the East and South mines, in order to protect profit margins. Output at North mine, as previously reported in Q4 2013, was impacted by stripping work which will restrict volumes from the mine during Q2 2014.

The average copper grade fell to 0.78% in Q1 2014 compared to 0.83% in the previous quarter, as mining activity moved to lower grade sections at the East and South mines.

The output of copper in concentrate decreased by 6% to 32.7 kt compared to the previous quarter, reflecting the decrease in metal in ore mined from lower copper grade and ore volumes.

Copper in concentrate production decreased by 17% compared to Q1 2013 reflecting the reduction of metal in ore mined.

## CENTRAL REGION

		Q1 2014	Q4 2013	Q1 2013
Ore extraction	'000 t	2,682	3,412	3,043
Average copper grade	%	0.86	0.86	0.80
Copper concentrate	'000 t	161.8	159.3	141.4
Copper in concentrate	'000 t	18.1	20.0	20.4

Ore output in Q1 2014 declined to 2,682 kt, 21% and 12% below Q4 2013 and Q1 2013 levels, respectively. Ore extraction from Nurkazgan mine was restricted in Q1 2014 by maintenance at the Nurkazgan concentrator and equipment downtime. It is expected that the mine output will ramp up in Q2 2014 to previously reported quarterly volumes.

Ore extraction at Abyz was impacted by stripping works in both Q1 2014 and Q1 2013. Extraction at Abyz is expected to recommence in Q3 2014.

In Q1 2014, the average copper grade was in line with the previous quarter and above Q1 2013, assisted by higher grades achieved at Akbastau, Nurkazgan and Sayak mines.

The production of copper in concentrate decreased by 10% to 18.1 kt in Q1 2014 compared to the prior quarter. Lower volumes of copper metal mined were partially offset by the stockpiling of Abyz ore at the Karagaily concentrator in Q4 2013 which was processed during Q1 2014.

In Q1 2014, 222 kt of ore extracted from Akbastau mine was stockpiled, containing approximately 4 kt of copper (FY 2013: 8 kt), which is unlikely to be processed in the near future.

Copper in concentrate production in Q1 2014 was 11% below Q1 2013 reflecting the decrease in metal in ore mined and lower ore processing volumes.



### EAST REGION

		Q1 2014	Q4 2013	Q1 2013
Ore extraction	'000 t	1,044	1,076	1,071
Average copper grade	%	2.60	2.51	2.39
Copper concentrate <sup>1</sup>	'000 t	119.0	126.5	106.9
Copper in concentrate <sup>1</sup>	'000 t	22.1	23.4	19.9

<sup>1</sup> Includes own material processed by third parties.

Ore extraction in Q1 2014 was 3% below both comparative periods, mainly due to lower extraction volumes at the mature Yubileyno-Snegirikhinsky mine. Mining will cease at Yubileyno-Snegirikhinsky in the next two years due to depletion.

The average copper grade achieved in Q1 2014 was 2.60%. The increase in grade was mainly due to the mining of higher grade sections at Orlovsky mine. It is expected that the grade at Orlovsky mine will decline from the current level but remain above 3% for the remainder of the year.

Copper in concentrate output in Q1 2014 decreased by 6% to 22.1 kt compared to the prior quarter. Similar volumes of metal in ore were mined, but Q1 2014 was impacted by stockpiling.

Output of copper in concentrate in Q1 2014 was 11% above Q1 2013, reflecting an 8% increase in metal in ore processed due to the higher grade achieved. Copper in concentrate output also benefited from improved recovery rates, particularly at Nikolayevsky concentrator, which is undergoing a modernisation programme, expected to be completed by Q3 2014.

#### Bozymchak project (Kyrgyzstan)

The commissioning of the crushing equipment and concentrator commenced in March 2014 as anticipated and will continue during Q2 2014. At the end of 2013, 471 kt of ore had been stockpiled, containing approximately 4.9 kt of copper and 32 koz of gold. These stockpiles will be more than sufficient for processing in 2014 and ore extraction may be adjusted accordingly.

## KAZAKHMY'S POWER PRODUCTION

		Q1 2014	Q4 2013	Q1 2013
Net power generated <sup>1</sup>	GWh	1,542	1,481	1,564
Internal sales	GWh	830	818	939
External sales	GWh	712	663	625
Net dependable capacity <sup>2</sup>	MW	822	835	835

<sup>1</sup> Electricity generated and sold to customers less internal consumption and transformer losses in the power station.

<sup>2</sup> The net dependable capacity is the maximum capacity a unit can sustain over a specified period of time modified for seasonal limitations and reduced by the capacity required for station service and auxiliaries.

Net power generated at the captive stations in Q1 2014 was in line with Q1 2013 and 4% above the prior quarter, when maintenance work was carried out at the Zhezkazgan plant.

Internal sales in Q1 2014 were 12% below Q1 2013, reflecting the suspension of the Zhezkazgan smelter and two concentrators in the second half of 2013. This decrease in internal consumption allowed for a 14% increase in external sales. The 7% increase in external sales compared to the previous quarter reflects the seasonal increase in demand and the availability of additional capacity during the quarter, due to reduced downtime.

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### MATERIAL EVENTS AND TRANSACTIONS

#### Completion of disposal of remaining 50% in Ekibastuz GRES-1

On 2 April 2014, the disposal of the Group's remaining 50% holding in Ekibastuz GRES-1 to Samruk-Energo completed, and net funds of \$1.25 billion were received.

#### Acquisition of third major growth project – Koksay

On 15 April 2014, the Group concluded the agreement for the purchase of Koksay from CCC Mining Construction B.V., an unrelated private company. Koksay will be the Group's third major growth project. Completion of the acquisition is subject to Government of Kazakhstan and regulatory approvals.

The net acquisition cost will be \$260 million in cash. \$195 million will be payable on completion and \$65 million is deferred. Of the deferred consideration, \$30 million is payable on 1 January 2015 and \$35 million on 31 July 2015. The latter deferral is subject to confirmation of reserves.

#### Devaluation of Kazakhstan tenge

On 11 February 2014, the National Bank of Kazakhstan announced it would seek to support the tenge at around 185 KZT to the US dollar. The KZT/\$ exchange rate at 31 March 2014 was KZT 182.04 compared to KZT 153.61 at 31 December 2013, a devaluation of 19%. The average KZT/\$ exchange rate for Q1 2014 was KZT 170.21 compared to KZT 150.66 for the comparative period in 2013, a change of 13%.

The devaluation of the tenge will have a beneficial impact on the profitability of Kazakhmys Mining as the majority of its sales are priced in US dollars whilst a significant portion of its operating costs are denominated in local currency, however the weaker tenge will have an adverse impact on Kazakhmys Power as electricity and heat revenues are denominated in tenge. The devaluation may lead to increased domestic inflationary pressures, and Kazakhmys has previously announced a 10% rise in staff salaries, with effect from 1 April 2014.

The weakening of the tenge against the US dollar gives rise to foreign currency translation losses on Kazakhstan entities' tenge denominated net assets, which are charged directly to equity.

The devaluation has also resulted in exchange losses of \$169 million (post tax) arising largely from the translation of intercompany monetary assets and liabilities. These exchange losses are non-operational and will be reported on separately in the income statement. The losses are largely offset by corresponding translation gains on consolidation, which are recognised directly in equity.

## FINANCIAL PERFORMANCE

Sales volumes

The following table sets out the sales volumes of the Group's major products:

		Q1 2014	Q1 2013
Copper in concentrate <sup>1</sup>	'000 t	23.1	-
Copper cathodes	'000 t	44.0	72.0
Copper rod	'000 t	2.5	3.6
<b>Total copper cathode equivalent sales</b>	<b>'000 t</b>	<b>69.6</b>	<b>75.6</b>
Zinc in concentrate	'000 t	30.8	30.2
Silver in copper concentrate <sup>2</sup>	'000 oz	1,011	-
Silver bar and granules <sup>3</sup>	'000 oz	2,131	3,041
<b>Silver bar and granule equivalent sales</b>	<b>'000 oz</b>	<b>3,142</b>	<b>3,041</b>
Gold <sup>3</sup>	'000 oz	26.6	20.5
Electricity sales <sup>4</sup>	kWh	1,542	1,564

<sup>1</sup> Cathode equivalent of copper in concentrate sold.

<sup>2</sup> Granule and bar equivalent of silver in concentrate sold.

<sup>3</sup> Sales include output of silver and gold doré from former Kazakhmys Gold's mines.

<sup>4</sup> External and internal sales.

Total copper product sales volumes in Q1 2014 were 6.0 kt below the comparative period in 2013. The decrease in copper product sales was due to the 3.1 kt decline in copper cathode equivalent production volumes (including cathodes from purchased concentrate) and a release of finished goods inventory in Q1 2013 of 3.0 kt.

In Q1 2014, 24.0 kt of copper in concentrate was sold from the Zhezkazgan Region, equivalent to 23.1 kt of copper cathode. In Q1 2013, the Zhezkazgan Region concentrate was processed into cathode at the Zhezkazgan smelter, which was suspended in the second half of 2013.

In Q1 2014 sales of zinc in concentrate were broadly consistent with the comparative prior period with similar production levels in both quarters.

Silver bar and granule equivalent sales volumes in Q1 2014 were above the comparative prior period despite lower production volumes due to a release of inventory, compared to a build-up of inventory in Q1 2013. The copper concentrate sold in the period contained 1,123 koz of silver material which equates to 1,011 koz of silver bar and granule.

Gold sales volumes in Q1 2014 were above the comparative period in 2013 mainly due to higher production volumes and an inventory build-up in Q1 2013.

## FINANCIAL PERFORMANCE (CONTINUED)

### Commodity prices

The following table sets out the average realised prices for the Group's major products:

		Q1 2014	Q1 2013
Copper	\$/tonne	7,116	8,024
Copper in concentrate <sup>1</sup>	\$/tonne	6,299	-
Silver <sup>2</sup>	\$/tr.oz	21	30
Gold	\$/tr.oz	1,276	1,624
Electricity tariff <sup>3</sup>	KZT/kWh	5.50	5.10

<sup>1</sup> The realised price excludes revenue from the silver material in the copper concentrate sold and is calculated using the copper cathode equivalent of the copper in concentrate sold.

<sup>2</sup> Excludes revenue from silver in copper concentrate sales.

<sup>3</sup> External and internal sales from the captive power stations.

The following table sets out the average LME/LBMA prices:

		Q1 2014	Q1 2013
Copper	\$/tonne	7,041	7,931
Zinc	\$/tonne	2,029	2,032
Silver	\$/tr.oz	20	31
Gold	\$/tr.oz	1,293	1,632

Realised prices for finished products will differ from the average LME/LBMA prices during the same period, principally because of the timing of sales not occurring evenly over the period. Premiums or discounts to metal exchange prices, negotiated with customers, also impact average realised prices. The copper in concentrate average realised price is below the LME average copper price due to the impact of treatment and refining charges. The LME copper price at 31 December 2013 was \$7,395 per tonne and the price declined to \$6,636 per tonne at 31 March 2014.

The weighted average realised tariff for the captive power stations in Q1 2014 was 5.50 KZT/kWh, which was above the tariff in Q1 2013 due to the increase in the applicable ceiling tariff for electricity sales set by the Government of Kazakhstan to 5.50 KZT/kWh from 1 January 2014. In 2013, the ceiling tariff was 5.10 KZT/kWh.

### Commodity hedging

At 31 March 2014, there were no commodity hedges in place.

### Exchange rates

The KZT/\$ exchange rate at 31 March 2014 was KZT/\$ 182.04 compared to KZT/\$ 153.61 at 31 December 2013. The average exchange rate for Q1 2014 was KZT/\$ 170.21, compared to an average rate of KZT/\$ 150.66 for the comparative period in the prior year.

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### FINANCIAL POSITION

Except as described in this statement, there have been no further significant changes in the financial position of the Group since 31 December 2013.

#### Net debt position

The net debt of the Group increased from \$771 million at 31 December 2013 to \$996 million at 31 March 2014 as the Group continued to develop the Aktogay and Bozshakol projects. Positive operating cash flows during the period were partially offset by income tax payments of \$21 million and interest paid of \$74 million relating to the semi-annual interest payment under the China Development Bank/Samruk-Kazyna finance facility and interest on the \$500 million pre-export finance debt facility. There were no mineral extraction tax payments during Q1 2014 as advance payments were made in the prior quarter.

At 31 March 2014, gross debt was \$2,723 million compared to \$3,111 million at 31 December 2013 following a \$14 million scheduled repayment and a \$400 million early repayment under the China Development Bank/Samruk-Kazyna finance facility. The \$400 million repayment in January 2014 related to debt drawn for two mid-sized development projects which are not expected to progress in the near term. In addition during the period the Group drew down \$24 million under the China Development Bank facility for the Aktogay project of \$1.5 billion, of which \$1.4 billion remains undrawn. A revolving credit facility of \$100 million remained undrawn throughout the period.

Total cash and cash equivalents and current investments for the Group were \$1,727 million at 31 March 2014, a reduction of \$613 million from the 2013 year end position, mainly due to the repayments made under the Group's borrowing facilities and funding of the Group's major projects, partially offset by operating cash flows for the period. Of these total funds, \$557 million is reserved for the development of the Group's projects under the relevant finance facilities.

On 2 April 2014, net funds of \$1.25 billion were received on completion of the disposal of the Group's remaining 50% holding in Ekibastuz GRES-1.

## COPPER MINING

<b>Zhezkazgan Region</b>		Q1 2014	Q4 2013	Q1 2013
North	ore ('000 t)	340	567	697
	grade (%)	0.74	0.67	0.73
East (incl. West)	ore ('000 t)	1,525	1,639	1,906
	grade (%)	0.77	0.91	0.71
South (incl. Stepnoy)	ore ('000 t)	2,070	1,993	2,274
	grade (%)	0.68	0.72	0.73
Zhomart	ore ('000 t)	983	932	923
	grade (%)	1.01	1.04	1.28
Region total	ore ('000 t)	4,918	5,131	5,800
Region average	grade (%)	0.78	0.83	0.81
<b>Central Region</b>				
Nurkazgan West	ore ('000 t)	636	951	763
	grade (%)	0.62	0.62	0.57
Abyz	ore ('000 t)	-	310	-
	grade (%)	-	0.60	-
Akbastau	ore ('000 t)	506	544	525
	grade (%)	2.04	1.90	1.81
Sayak	ore ('000 t)	337	463	426
	grade (%)	0.93	1.02	0.78
Shatyrkul	ore ('000 t)	135	160	156
	grade (%)	1.95	2.23	2.17
Konyrat	ore ('000 t)	1,068	984	1,173
	grade (%)	0.28	0.29	0.31
Region total	ore ('000 t)	2,682	3,412	3,043
Region average	grade (%)	0.86	0.86	0.80

## COPPER MINING (CONTINUED)

		Q1 2014	Q4 2013	Q1 2013
<b>East Region</b>				
Artemyevsky	ore ('000 t)	324	310	337
	grade (%)	1.80	1.72	1.89
Irtysky	ore ('000 t)	162	157	154
	grade (%)	1.44	1.44	1.56
Orlovsky	ore ('000 t)	383	392	392
	grade (%)	3.86	3.60	3.11
Yubileyno-Snegirikhinsky	ore ('000 t)	175	217	189
	grade (%)	2.41	2.43	2.50
Region total	ore ('000 t)	1,044	1,076	1,071
Region average	grade (%)	2.60	2.51	2.39
<b>Total</b>	<b>ore ('000 t)</b>	<b>8,644</b>	<b>9,619</b>	<b>9,914</b>
<b>Overall average</b>	<b>grade (%)</b>	<b>1.03</b>	<b>1.03</b>	<b>0.98</b>



## COPPER PROCESSING

		Q1 2014	Q4 2013	Q1 2013
Zhezkazgan Region				
Copper concentrate	'000 t	96.8	101.2	120.3
Copper in concentrate	'000 t	32.7	34.8	39.5
Central Region				
Copper concentrate	'000 t	161.8	159.3	141.4
Copper in concentrate	'000 t	18.1	20.0	20.4
East Region				
Copper concentrate	'000 t	115.4	119.6	101.6
Copper in concentrate	'000 t	21.1	21.4	18.4
Total own processed				
Copper concentrate	'000 t	373.9	380.2	363.3
Copper in concentrate	'000 t	71.9	76.1	78.2
Own ore processed by third parties (East Region)				
Copper concentrate	'000 t	3.6	6.9	5.3
Copper in concentrate	'000 t	1.0	2.0	1.5
<b>Total own</b>				
<b>Copper concentrate</b>	<b>'000 t</b>	<b>377.6</b>	<b>387.1</b>	<b>368.7</b>
<b>Copper in concentrate</b>	<b>'000 t</b>	<b>72.9</b>	<b>78.1</b>	<b>79.7</b>
Purchased concentrate				
Copper concentrate	'000 t	-	1.5	-
Copper in concentrate	'000 t	-	0.8	-
<b>Total copper in concentrate</b>				
	'000 t	72.9	78.9	79.7

## COPPER SMELTER/REFINERY – COPPER CATHODE PRODUCTION

		Q1 2014	Q4 2013	Q1 2013
<b>Zhezkazgan smelter</b>				
Own concentrate	'000 t	-	-	27.5
Purchased concentrate	'000 t	-	-	-
Sub-total	'000 t	-	-	27.5
Tolling	'000 t	-	-	-
Total including tolling	'000 t	-	-	27.5
<b>Balkhash smelter</b>				
Own concentrate	'000 t	46.4	52.7	45.1
Purchased concentrate	'000 t	-	0.7	0.2
Sub-total	'000 t	46.4	53.4	45.3
Tolling	'000 t	-	-	-
Total including tolling	'000 t	46.4	53.4	45.3
Total	'000 t	46.4	53.4	72.8
<b>Total own copper cathode production</b>	<b>'000 t</b>	<b>46.4</b>	<b>52.7</b>	<b>72.6</b>
<b>Copper in concentrate sold<sup>1</sup></b>	<b>'000 t</b>	<b>23.1</b>	<b>26.4</b>	<b>-</b>
<b>Own copper cathode equivalent production</b>	<b>'000 t</b>	<b>69.5</b>	<b>79.1</b>	<b>72.6</b>

<sup>1</sup> Copper cathode equivalent of copper in concentrate sold.

## OTHER METALS MINING – ZINC

<b>ZINC</b>		Q1 2014	Q4 2013	Q1 2013
<b>East Region</b>				
Artemyevsky	grade (%)	4.49	4.04	5.55
Irtyshtsky	grade (%)	3.55	3.50	3.35
Orlovsky	grade (%)	6.49	6.00	4.84
Yubileyno-Snegirikhinsky	grade (%)	1.84	2.08	1.41
Region average		4.63	4.28	4.24
<b>Central Region</b>				
Abyz	grade (%)	-	1.85	-
Akbastau	grade (%)	1.81	1.41	0.91
Region average		1.81	1.57	0.91
<b>Overall average</b>	<b>grade (%)</b>	<b>3.71</b>	<b>3.08</b>	<b>3.15</b>
Zinc bearing ore mined	'000 t	1,550	1,929	1,597
<b>Zinc in concentrate</b>	<b>'000 t</b>	<b>31.7</b>	<b>34.5</b>	<b>32.0</b>

## OTHER METALS MINING – SILVER

<b>SILVER</b>		Q1 2014	Q4 2013	Q1 2013
<b>Zhezkazgan Region</b>				
North	grade (g/t)	4.98	5.66	7.61
East (incl. West)	grade (g/t)	9.60	13.53	11.24
South (incl. Stepnoy)	grade (g/t)	14.93	17.75	17.12
Zhomart	grade (g/t)	9.73	9.43	12.28
Region average		11.55	13.31	13.52
<b>Central Region</b>				
Nurkazgan	grade (g/t)	1.51	1.59	1.35
Abyz	grade (g/t)	-	19.59	-
Akbastau	grade (g/t)	20.78	11.89	15.21
Sayak	grade (g/t)	4.64	5.07	4.30
Shatyrkul	grade (g/t)	2.08	2.12	2.10
Konyrat	grade (g/t)	1.06	1.06	1.24
Region average		5.39	5.21	4.15
<b>East Region</b>				
Artemyevsky	grade (g/t)	67.49	74.34	117.73
Irtysky	grade (g/t)	49.54	55.25	52.17
Orlovsky	grade (g/t)	84.99	79.16	61.66
Yubileyno-Snegirikhinsky	grade (g/t)	22.23	25.00	28.30
Region average		63.53	63.36	72.05
<b>Overall average</b>	<b>grade (g/t)</b>	<b>15.92</b>	<b>16.03</b>	<b>16.97</b>
Silver bearing ore mined	'000 t	8,644	9,619	9,914
<b>Silver in concentrate</b>	<b>('000 oz)</b>	<b>2,742</b>	<b>3,433</b>	<b>3,592</b>
Own concentrate	('000 oz)	2,665	3,114	3,338
Own concentrate processed by 3 <sup>rd</sup> parties	('000 oz)	77	288	254
Purchased concentrate	('000 oz)	-	32	-
<b>Silver metal<sup>1, 2</sup></b>				
<b>(as by-product)</b>	<b>('000 oz)</b>	<b>1,802</b>	<b>2,769</b>	<b>3,361</b>
<b>Silver granule equivalent in copper concentrate sold</b>	<b>('000 oz)</b>	<b>1,011</b>	<b>1,159</b>	<b>-</b>

<sup>1</sup> Includes slimes from purchased concentrate.

<sup>2</sup> Includes a small volume of by-product production from former Kazakhmys Gold's mines.

## OTHER METALS MINING – GOLD

<b>GOLD</b>		Q1 2014	Q4 2013	Q1 2013
<b>Central Region</b>				
Nurkazgan	grade (g/t)	0.26	0.30	0.25
Abyz	grade (g/t)	-	2.50	-
Akbastau	grade (g/t)	0.73	0.65	0.61
Sayak	grade (g/t)	0.33	0.33	0.17
Shatyrkul	grade (g/t)	0.31	0.32	0.40
Region average		0.42	0.66	0.34
<b>East Region</b>				
Artemyevsky	grade (g/t)	0.60	0.82	1.06
Irtyshtsky	grade (g/t)	0.25	0.27	0.25
Orlovsky	grade (g/t)	1.52	1.53	1.22
Yubileyno-Snegirikhinsky	grade (g/t)	0.38	0.48	0.47
Region average		0.84	0.93	0.90
<b>Overall average</b>	<b>grade (g/t)</b>	<b>0.59</b>	<b>0.75</b>	<b>0.55</b>
Gold bearing ore mined	'000 t	2,658	3,503	2,941
<b>Gold in concentrate</b>	<b>('000 oz)</b>	<b>25.5</b>	<b>30.1</b>	<b>24.0</b>
Own concentrate	('000 oz)	25.1	27.9	22.2
Own concentrate processed by 3 <sup>rd</sup> party	('000 oz)	0.4	1.8	1.9
Purchased concentrate	('000 oz)	-	0.4	-
<b>Gold output<sup>1</sup></b>	<b>('000 oz)</b>	<b>28.2</b>	<b>29.3</b>	<b>24.2</b>

<sup>1</sup> Includes slimes from purchased concentrate and a small volume from former Kazakhmys Gold's mines.