COMPANY BACKGROUND

KAZ Minerals PLC is a high growth copper company focused on large-scale, low-cost, open pit mining in Kazakhstan. KAZ Minerals emerged from a major restructuring of Kazakhmys PLC in 2014 during which the company disposed of a number of mature assets in the Zhezkazgan and other Kazakhstan regions as well as non-mining properties to become a pure-play copper mining group. KAZ Minerals is listed on the London, Kazakhstan and Hong Kong Stock Exchanges.

Group operating profit in 2017 was US$715 million, up from US$218 million in 2016. KAZ Minerals copper production of 258.5 kt in 2017 represented an 80 per cent increase on the previous year. KAZ Minerals continued its strong growth in the first half of 2018, with the group generating EBITDA of US$690 million, US$185 million more than the comparative period in 2017. Operating profit increased from US$291 million in the first half of 2017 to US$464 million in the same period for 2018. Profit for the corresponding period in 2018 was US$276 million, a rise of 49 per cent. The company employs more than 13,000 people worldwide.

www.kazminerals.com

MINING ACTIVITIES

KAZ Minerals operates the Bozshakol and Aktogay open pit copper mines located in Pavlodar and the East Region of Kazakhstan, three underground mines and associated concentrators, also in Kazakhstan’s East Region, and the Bozymchak copper/gold mine in Kyrgyzstan.

In August 2018, the group acquired the Baimskaya copper project in Chukotka in far-east Russia. Baimskaya is in the top 10 untapped copper projects in the world.
### ACTIVE PROJECTS

<table>
<thead>
<tr>
<th>Bozshakol mine</th>
<th>Aktogay mine</th>
<th>East region mines</th>
<th>Bozymchak mine</th>
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<tbody>
<tr>
<td>Bozshakol is a large-scale, open pit copper mine and on-site processing facility in the Pavlodar region of Kazakhstan. Production of copper concentrate commenced in February 2016 and the mine reached full capacity in 2017. The mine's annual ore processing capacity is 30 million tonnes and it has an estimated mine life of 39 years at a copper grade of 0.35%.</td>
<td>Aktogay is a large-scale, open pit mine located in the East Region of Kazakhstan. Production of copper cathode from oxide ore commenced in December 2015 and achieved commercial production in July 2016. Production of copper in concentrate from sulphide ore began in 2017 and achieved commercial production in October 2017. The existing concentrator has an annual ore processing capacity of 25 million tonnes.</td>
<td>KAZ Minerals operates three polymetallic underground mines and associated concentrators in the East Region of Kazakhstan: Orlovsky, Artemyevsky and Iryshsky mines and Orlovsky, Nikolayevsky and Belousovsky concentrators.</td>
<td>Bozymchak is a copper/gold open pit mine in Kyrgyzstan. It commenced production in 2014 and is at full capacity. The mine's annual ore extraction is up to 1 Mt. Bozymchak is expected to have an average annual output of 6 kt of copper cathode and 28 koz of gold over its life.</td>
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<table>
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<tr>
<th>Production 2017</th>
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<tbody>
<tr>
<td>101 kt copper</td>
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<tr>
<td>90 kt copper</td>
</tr>
<tr>
<td>59.5 kt copper</td>
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<tr>
<td>7.5 kt copper and 41.3 koz gold</td>
</tr>
</tbody>
</table>

### Major Investment Project:

In late-December 2017, KAZ Minerals announced a US$1.2 billion expansion project at Aktogay to double the sulphide ore processing capacity to 50 million tonnes from 2021. With an expanded processing capacity Aktogay will have an estimated mine life of 28 years.

### GROWTH PROJECTS

**Baimskaya Copper Project**

Baimskaya is one of the world’s most significant undeveloped copper assets with the potential to become a large-scale, low-cost, open pit copper mine. A pre-feasibility study, completed by Fluor, projected an average annual production of 250 kt copper and 400 koz gold for the first 10 years of operations and a mine life of approximately 25 years.

Capital expenditure to develop the mine is estimated at US$5.5 billion, subject to a feasibility study.

Located in the Chuotka region, far East Russia, the project will be developed with the challenges of harsh climate conditions.
Koksay

Koksay is a potential open pit copper mine development project in Kazakhstan located around 230 kilometres from Almaty, the country’s financial hub and largest city. The deposit has a mineral resource of 736 Mt and an average copper grade of 0.42 per cent, with contained copper of 3.1 Mt.

China Nonferrous Metal Industry’s Foreign Engineering and Construction Company Ltd (NFC) will hold a 19.4 per cent stake in the Koksay project. NFC’s investment will fund a feasibility study to determine the detailed design for mining and processing operations and the associated capital budget.

PROCUREMENT PRIORITIES

As one of the key players in the growing Kazakhstan market, KAZ Minerals’ strategy is to maintain low production costs and increase efficiency at large-scale open pit operations. The group production will grow in the coming years, following completion of the Aktogay extension project and optimisation of mining operations on other assets.

The main opportunities areas across the group of mines are:

› engineering services
› low grade ore processing technologies
› mining software and systems development
› integrated project management
› equipment supply
› business process consulting
› environment protection services and products
› training and other services

The company is also looking to improve safety and occupational health standards to achieve zero fatalities at mine sites. In 2017, KAZ Minerals developed a three year health and safety strategy, which addresses the overall corporate culture as well as specific priority risk areas for workplace safety and occupational health.

Please note that due to Austrade’s ongoing involvement with KAZ Minerals, Austrade seeks to maintain a unified ‘Australia METS’ brand and approach in dealing with this company. We encourage companies with relevant products and services to contact Austrade's METS Manager directly for further information and to discuss the process to be included in a response to KAZ Minerals. See contact details listed below.

Local Presence

Establishing a local presence through collaboration with established Kazakhstan companies or by engaging dedicated representation is highly regarded in the procurement decision-making process. Local content is encouraged by Kazakhstan government to bring new jobs and skills to the country. Establishing a local contact will enable regular engagement and ongoing follow up. Where service and/or training are critical aspects of the supply, a local presence is essential. Service, repair and maintenance capabilities are mandatory for non-standard and sophisticated plant and equipment.
Australie

The Australian Trade and Investment Commission – Austrade – contributes to Australia’s economic prosperity by helping Australian businesses, education institutions, tourism operators, governments and citizens as they:

• develop international markets
• win productive foreign direct investment
• promote international education
• strengthen Australia’s tourism industry
• seek consular and passport services.

Austrade provides information and advice that can help Australian companies reduce the time, cost and risk of exporting. We also provide a range of services to Australian exporters looking to expand their business in growth and emerging markets, including:

• information and advice on doing business in international markets
• help with overseas market selection
• identification of relevant overseas contacts
• assistance with market entry and expansion
• identification and follow-up of specific international business opportunities.

We also administer the Export Market Development Grants scheme – the Australian Government’s financial assistance program for aspiring and current exporters.

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