



KAZAKHMYNS PLC

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Company registered in England and Wales
Company Number: 5180783

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Kazakhmys PLC Production Report for the First Quarter Ended 31 March 2009 & Interim Management Statement

- Quarterly production of 82 kt copper cathode equivalent from own material:
 - 77 kt of cathode plus 5 kt of cathode equivalent sold as concentrate
 - Ore output has been reduced to 7.8 million tonnes, a decrease of 13% on the previous quarter, in line with the policy of reducing output for 2009
 - Cathode output benefited from the processing of previously mined ore
 - Costs remain in line with previous guidance
- By-product output ahead of expectations due to timing of material flows:
 - Zinc in concentrate production increased by 21% from Q4 2008, benefiting from timing of ore processing
 - Silver production was only slightly below Q4 2008 at 4,438 koz, as a result of processing of work in progress brought forward from 2008
 - Gold production reduced by just 8% from Q4 2008 to 29.0 koz, assisted by utilisation of stockpiled ore
- Steady sales in first quarter to both Europe and China:
 - Demand in China has been above expectations
 - Copper cathode sales exceeded quarterly production, with a reduction of inventory
 - Volume of copper concentrate sold in Q1 2009 increased in line with expectations
- Kazakhmys Power:
 - Q1 2009 output decreased by 27%, compared to Q4 2008, reflecting lower industrial demand in Kazakhstan
 - Tariffs remain in line with Q4 2008

Oleg Novachuk, Chief Executive Officer, said "At the end of 2008 we stated that we would reduce output in 2009, by suspending production at some higher cost mines, and this is reflected in these results. Pricing and demand for copper in the first few months of this year have been encouraging, but we will continue to focus on cash preservation and preserving the strength of the business until it is clear that international financial and commodity markets have stabilised. Production and sales of our main metals in the first quarter have been positive, assisted by several timing factors. We continue to anticipate that output of copper cathode equivalent in 2009 will be around 300 kt."

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NOTES TO EDITORS

Kazakhmys PLC is a leading international natural resources group, listed in the UK and Kazakhstan, with significant interests in copper, gold, zinc, silver, power generation and petroleum.

It is the largest copper producer in Kazakhstan and one of the top ten worldwide with 20 mines, 10 concentrators and 2 smelters. Kazakhmys copper operations are fully integrated from mining ore through to the production of finished copper cathode and rod. Total copper cathode produced in 2008 from own ore was 343 thousand tonnes. Production is backed by a captive power supply and significant rail infrastructure. Kazakhmys also owns MKM, an upstream copper products fabrication company in Germany, which produces a range of pre- and semi-finished copper and copper alloy products.

Kazakhmys Copper produces significant volumes of other metals, including zinc, silver and gold. In 2008, it produced 48 thousand tonnes of zinc metal and 137 thousand tonnes of zinc concentrate. Kazakhmys is the fourth largest silver producer in the world (17 million ounces produced in 2008).

Kazakhmys Gold, which acquired Eurasia Gold Inc in July 2007, includes substantial new development and exploration opportunities. The Group produced 179 thousand ounces of gold in 2008 and has measured and indicated resources of 2.3 million ounces.

Kazakhmys Power owns the recently acquired coal fired Ekibastuz GRES-1 plant, the largest in Kazakhstan with a nameplate capacity of 4,000 MW. In addition, it owns the Maikuben open cast coal mine, supplying around 20% of the power plant's fuel requirements producing over 3.6 million tonnes of coal in 2008.

Kazakhmys Petroleum has acquired the East Akzhar exploration block, with an area of 602km², located on the eastern fringe of the Caspian depression.

The Group is part of the FTSE-100 index of companies listed on the London Stock Exchange and is also listed on the Kazakhstan Stock Exchange (KASE). It had revenues of \$5.2 billion in 2008 with EBITDA of \$2.0 billion. The Group employs some 67,000 people, principally in Kazakhstan. The Group's strategic aim is to diversify and participate in the development of the significant natural resource opportunities in Central Asia.

KAZAKHMYS COPPER PRODUCTION

		Q1 2009	Q4 2008	Q1 2008
Ore extraction	'000 t	7,760	8,969	8,257
Average copper grade	%	1.20	1.27	1.21
Average zinc grade ¹	%	4.26	2.74	3.49
Copper in concentrate	'000 t	87.4	108.6	86.0
own concentrate	'000 t	87.4	101.6	80.1
purchased concentrate	'000 t	-	7.0	5.9
Copper cathode equivalent production ²	'000 t	85.6	106.1	84.1
own concentrate	'000 t	81.9	91.3	75.5
purchased concentrate	'000 t	3.7	14.8	8.5
tolling concentrate	'000 t	-	-	0.1
Copper rod	'000 t	2.1	15.6	13.4

¹Complex ores only

²Includes copper used to produce copper rod

Ore output has been reduced by 13% in Q1 2009 from 8,969 kt in Q4 2008 to 7,760 kt. This is in line with the announcement made in the Q4 production report to lower output and conserve cash, given the uncertain economic conditions. Production has been suspended at four higher cost mines, and at sections of a fifth mine.

The Q1 2009 average copper grade of 1.20% is slightly lower than the grade reported in Q4 2008. Factors impacting this include the suspension of output at the high grade Akbastau mine, where transport costs were considered too high given current metals prices, increased output from the recently commissioned low grade Nurgazgan underground mine, in the Karaganda region, and lower grades at the Orlovsky mine in the East region.

The lower own copper in concentrate production was consistent with the decrease in ore output across the regions, declining by 14% to 87.4 kt in Q1 2009 from 101.6 kt in Q4 2008.

The production of own copper in concentrate was slightly higher in Q1 2009 than in Q1 2008, up 9%, even though ore extraction was lower. This is the result of processing of work in progress, brought forward from Q4 2008, and significantly better weather than the severe conditions experienced in Q1 2008.

The 10% decline in copper cathode equivalent production from own concentrate in Q1 2009, compared to Q4 2008, is in line with the decrease in own concentrate production. In Q1 2009 5.3 kt of copper concentrate (equivalent to 5.0 kt of finished cathode) was sold without being converted into cathodes. This is part of the stated intention of building a presence in concentrate sales and making more efficient use of the smelter facilities.

The 9% increase in copper cathode equivalent production from own concentrate in Q1 2009 compared to 75.5 kt in Q1 2008 reflects the 9% increase in own copper in concentrate across the same periods.

There was some production of cathode from purchased concentrate but this related to the running down of existing purchased concentrate stocks. No third party concentrate was acquired in Q1 2009

KAZAKHMYS COPPER PRODUCTION (CONTINUED)

and unless market conditions change significantly, it is unlikely that there will be purchases of copper concentrate in 2009, given pricing issues and our current smelting capacity.

The planned maintenance at one of the two furnaces at Zhezkazgan smelter was brought forward to January 2009, to match the reduced ore output. Surplus copper concentrate from Zhezkazgan is now being processed at the Balkhash smelter or used as the source for copper concentrate sales to the Chinese market. This initiative has allowed more efficient utilisation of the smelter facilities.

During Q1 2009 one of the furnaces in Balkhash smelter was closed for 22 days to undergo scheduled maintenance work. This was managed to ensure that there was no build up in concentrate supplies.

As indicated at the time of the 2008 annual results, copper rod output has been reduced, given the relatively low margins, and is currently only being produced for the domestic market.

By-products Summary

KAZAKHMYS COPPER BY-PRODUCTS PRODUCTION

		Q1 2009	Q4 2008	Q1 2008
Zinc in concentrate	'000 t	39.8	32.8	33.6
Zinc metal	'000 t	8.6	12.3	12.4
Silver	'000 oz	4,438	4,592	4,020
own production ¹	'000 oz	4,437	4,587	4,020
tolling ²	'000 oz	1.0	4.8	-
Gold	'000 oz	30.3	34.6	31.4
own production ¹	'000 oz	29.0	31.4	31.4
tolling ²	'000 oz	1.3	3.2	-

¹ Includes slimes from purchased concentrate

² Represents tolled materials provided via third parties

The extraction of zinc metal in ore declined due to lower ore output in the East region and no ore output at the Abyz and Akbastau mines in the Karaganda region. Zinc in concentrate production increased by 21%, in Q1 2009 to 39.8 kt compared to 32.8 kt in Q4 2008. Production benefited from the timing of processing of Artemyevsky ore by a third party and the processing of stockpiled materials.

As mentioned in the 2008 annual results, the zinc refinery was suspended in March 2009, although there was some metal production in the quarter, relating to the completion of work in progress into finished metal.

Silver production in Q1 2009 was only 3% below the level of Q4 2008, benefiting from the processing of work in progress which had been accumulated during the previous quarter. Production was higher than in the corresponding period in 2008, which was disrupted by the severe winter conditions experienced during Q1 2008.

There was lower output of gold bearing ore during Q1 2009 compared to Q4 2008. This was offset by the processing of gold rich Abyz ore, which had been stockpiled during 2008, leading to a 32% increase in the production of own gold in concentrate in Q1 2009, compared to Q4 2008. The higher production of concentrate was not fully reflected in gold metal output, which in Q1 2009 was 29.0 koz from own material, slightly lower than the 31.4 koz seen in Q4 2008. Some concentrate has been accumulated and will be processed during Q2 2009.

ZHEZKAZGAN COMPLEX

		Q1 2009	Q4 2008	Q1 2008
Ore extraction	'000 t	5,908	6,252	5,804
Average copper grade	%	0.87	0.85	0.79
Copper concentrate	'000 t	128.0	133.1	111.7
Copper in concentrate	'000 t	45.2	46.7	40.0
Copper cathodes ¹	'000 t	31.1	48.1	46.6
own concentrate	'000 t	31.1	48.1	46.6
purchased concentrate	'000 t	-	-	-
tolling ²	'000 t	-	-	-
Copper rod	'000 t	2.1	15.6	13.4

¹ Includes copper used to produce copper rod

² Represents tolled materials provided via third parties

Ore extraction at the Zhezkazgan complex was 6% lower in Q1 2009, with output of 5,908 kt, compared to 6,252 kt in Q4 2008. This reduction was in line with the production plan established at the start of the year. The main reduction was at West mine, where some operations were suspended due to their high operating cost. South and East mines have benefited with the transfer of some operations from West mine. The complex also benefited from increased output at the Stepnoy mine following the commissioning of a conveyer, which significantly improved the transportation of ore.

Output was 2% higher than Q1 2008 as the reduction in output at West mine was offset by higher output at South and Stepnoy mines.

The grade improved slightly in Q1 2009, compared to the previous periods, mainly due to higher grades at Zhomart. The production of copper in concentrate at the complex generally reflects the changes in ore output and grade.

Cathode production from own concentrate at Zhezkazgan decreased in Q1 2009 by 35% compared to Q4 2008. This reduction was due to the planned maintenance being carried out at one of the two smelter furnaces, which is likely to remain non operational until ore volumes are returned to previous levels. This break is providing an opportunity to evaluate the potential to enhance the efficiency of the plant. Surplus copper concentrate from Zhezkazgan is being processed at the Balkhash smelter and 5.3 kt of copper was sold in concentrate directly to the Chinese market.

As mentioned above, copper rod is currently only being produced for the local market.

BALKHASH COMPLEX

		Q1 2009	Q4 2008	Q1 2008
Ore extraction	'000 t	546	644	604
Average copper grade	%	1.37	1.21	0.93
Copper concentrate ¹	'000 t	46.2	64.2	37.8
Copper in concentrate	'000 t	8.3	9.8	6.1
Copper cathodes	'000 t	49.5	57.4	37.5
own concentrate	'000 t	45.8	42.6	28.9
purchased concentrate	'000 t	3.7	14.8	8.5
tolling ²	'000 t	-	-	0.1

¹ Excludes concentrate processed by third parties

² Represents tolled materials provided via third parties

Ore output was reduced at the Balkhash complex in Q1 2009 with the suspension of activity at the low grade Kounrad mine at the end of 2008 and lower output at Sayak mine.

The copper grade rose in Q1 2009 to 1.37%, higher than both of the previous reported periods. This was mainly due to the suspension of activity at Kounrad mine, which reported a grade of just 0.32% in Q4 2008 and higher grades at Sayak and Shatyrkul.

Production of copper in concentrate during Q1 2009 decreased by 15% from the level achieved in Q4 2008. This reduction reflects the decrease in ore output at Sayak mine, which was only slightly offset by higher grades at Shatyrkul mine.

Output of copper in concentrate increased by 36%, from 6.1 kt in Q1 2008, to 8.3 kt in Q1 2009. This increase was due to higher output and grade at Shatyrkul mine and the reprocessing of waste material, which offset the output decrease elsewhere in the region.

During Q1 2009, the Balkhash smelting plant started processing concentrate from every region including Zhezkazgan, following the suspension of a furnace at Zhezkazgan. The increase in copper cathode production from own concentrate in Q1 2009 reflects this transfer of additional concentrate from Zhezkazgan, offsetting the decrease in copper in concentrate production across the other three regions.

Kazakhmys Copper Review by Region

EAST REGION

		Q1 2009	Q4 2008	Q1 2008
Ore extraction	'000 t	1,120	1,303	1,048
Average copper grade	%	2.91	2.82	2.96
Copper concentrate ¹	'000 t	155.5	156.0	134.6
Copper in concentrate	'000 t	27.5	29.5	25.1

¹Excludes concentrate processed by third parties

The 14% decrease in ore extraction in Q1 2009, compared to Q4 2008, arose from decreased output at Artemyevsky and Nikolayevsky mines, due to equipment maintenance and availability. Belousovsky mine, in the region, was also one of the 4 mines suspended at the end of Q4 2008, as part of the cost and margin management programme.

Output was ahead of Q1 2008 due to increased output from the high grade Yubileyno-Snegirikhinsky mine, after the transfer of equipment and personnel from the suspended operations at Belousovsky mine in Q4 2008. In Q1 2008, there was also disruption at Nikolayevsky mine due to heavy snowfall and flooding.

Production of copper in concentrate decreased in Q1 2009 by 7% compared to Q4 2008, due to lower grades at Orlovsky mine and lower output at the Artemyevsky mine. The 10% improvement in production of copper in concentrate, compared to Q1 2008, was due to processing greater volumes of high grade ore from Yubileyno-Snegirikhinsky and an improvement in recovery rates achieved by the transfer of processing from the Nikolayevsky concentrator to the Belousovsky concentrator, which has shown the best recovery rate for ores from this mine.

Kazakhmys Copper Review by Region

KARAGANDA REGION

		Q1 2009	Q4 2008	Q1 2008
Ore extraction	'000 t	186	770	801
Average copper grade	%	0.70	2.14	2.20
Copper concentrate	'000 t	47.7	74.5	47.6
Copper in concentrate	'000 t	4.4	13.9	7.0

Ore extraction in Karaganda region in Q1 2009 decreased compared to Q4 2008 and Q1 2008, in line with the planned reduction in output.

As reported in Q4 2008, Kosmurun has closed due to depletion of the open pit. The plans for the mine to move underground are currently being developed. Output was suspended at Akbastau, as processing the ore incurs high transportation costs. The mine will restart when the new concentrator is constructed nearby. The reduction in average copper grade in Karaganda in Q1 2009 was mainly caused by the suspension of production from Akbastau.

Output from Abyz mine has been temporarily suspended for stripping work. Production will recommence once stockpiled ore from the mine has been reduced. The stockpiles, of approximately 306 kt of ore, were accumulated during 2008, while work was being undertaken at the Karagaily concentrator to improve gold recovery rates.

Open pit operations at West Nurkazgan mine, as previously reported, have ceased and underground operations commenced in February 2009.

Copper in concentrate production decreased in Q1 2009 by 68% and 37% respectively, compared to Q4 2008 and Q1 2008. This was again due to the suspension of activity at Akbastau mine, but was slightly offset by the processing of stockpiled ores from Abyz and Akbastau.

The Nurkazgan concentrator, as reported in Q4 2008, was temporarily shut down in January 2009 for the installation of new equipment and related maintenance. Production was resumed in February 2009 and the concentrator is ramping up production.

Other Divisions Review

KAZAKHMYS GOLD PRODUCTION

		Q1 2009	Q4 2008	Q1 2008
Ore extraction	'000 t	138	384	192
Gold ore grade	g/t	1.79	1.53	1.55
Gold in ore to pads	'000 oz	7.6	17.1	8.6
Gold precipitation	'000 oz	6.6	14.9	6.9
Gold doré production	'000 oz	6.1	13.8	7.9
Silver production	'000 oz	6.4	10.4	9.3

Ore extraction decreased from the previous periods due to the closure of Zhaima mine. The gold grade is higher in Q1 2009 compared to the previous periods following changes in the ore structure at Mizek.

The decrease in production during Q1 2009, compared to Q4 2008, was mainly due to normal seasonal changes. Production is carried out using heap leaching, which slows down when lower temperatures affect the solution. Q1 2008 had the same seasonal impact, but had benefited from the release of work in progress built up towards the end of 2007.

KAZAKHMYS PETROLEUM

Work at Kazakhmys Petroleum has continued in line with previous guidance. The 3D seismic survey of the Eastern Akzhar exploration block and the interpretation of data from the survey have both now been completed. This data can now be used to plan the location of new wells to be drilled in 2009 and 2010.

The drilling of a duplicate well, as mentioned in previous production reports, has been completed and further testing of the well will start once the drilling rig has been removed. The testing is planned to continue through Q2 2009.

The drilling of the second well should commence in May 2009, once the drilling equipment has been relocated.

KAZAKHMYS POWER PRODUCTION

		Q1 2009	Q4 2008	Q1 2008
Coal extraction	'000 t	905	1,023	922
Coal extraction attributable to Kazakhmys*	'000 t	905	1,023	N/A
Net power generated	GWh	1,780	2,440	2,870
Net power generated attributable to Kazakhmys*	GWh	1,780	2,440	N/A
Net dependable capacity ¹	MW	2,256	2,200	2,190

* Period from acquisition on 29th May 2008

Coal extraction decreased in Q1 2009 by 12%, compared to Q4 2008, reflecting decreased sales in the current economic situation.

The 27% percent decrease in generated electricity in Q1 2009 compared to Q4 2008 was driven by lower demand from industrial customers, caused by the general economic downturn. Tariffs remain stable.

Net dependable capacity¹ increased from 2,200 MW in Q4 2008, to 2,256 in Q1 2009, following successful maintenance work undertaken during 2008, including completion of the major overhaul at Unit 6.

Work is continuing on the planned maintenance of units. In March 2009, Unit 3 was brought offline for maintenance and has now returned to operation with an increased capacity of 500 MW. The major overhaul on Unit 5 started in mid April 2009. The work is expected to be completed by the beginning of Q4 2009. The current gross capacity of Unit 5 is 430 MW and the major overhaul will increase its capacity to 500 MW. Preparation work has commenced at Unit 5 for the installation of the first electrostatic precipitator and, after installation, the ash collection rate should be 99.6%.

The rehabilitation of Unit 8 has been deferred until the general economic environment improves and committed financing is arranged.

¹The net dependable capacity is the real productive capacity of GRES-1. It is calculated by taking the maximum design capacity of the generation units and then factoring in the physical condition of the units (e.g. wear and tear), production outages for repairs and internal consumption of electricity

MATERIAL EVENTS AND TRANSACTIONS

Completion of the AES management contract at Ekibastuz GRES-1 and Maikuben West coal mine

On 20 March 2009, the Group announced that it has agreed the early completion of the management contract with AES, so that management of the Ekibastuz GRES-1 power plant and Maikuben West coal mine will transfer to the Group. The early completion agreement includes an earnout of \$80 million for the 2008 financial year payable in April 2009, and a single reduced payment of \$102 million to be paid in January 2010.

Devaluation of Kazakhstan tenge

In February 2009 the Kazakh National Bank announced that it would support the tenge, within a range of 3%, at a lower level of 150 KZT to the US dollar, resulting in the devaluation of the tenge to this level.

The KZT/\$ exchange rate at 31 March 2009 was KZT 151.40 compared to KZT 120.77 at 31 December 2008, a depreciation of 25.4%. The average KZT/\$ exchange rate for Q1 2009 was KZT 138.97 compared to an average rate of KZT 120.30 for 2008, a depreciation of 15.5%.

The weakening of the KZT against the US dollar gives rise to foreign currency translation losses on the carrying value of net assets, which on consolidation are charged directly to equity.

The devaluation has a beneficial impact on the profitability of the Kazakhmys Copper mining business as its revenues are based on US dollar metals prices and some of its costs are denominated in local currency. However, there is an adverse impact for Kazakhmys Power since its revenues are denominated in tenge.

Following the devaluation, inflationary pressures may occur in the latter part of 2009 due to the change in the relative purchasing power of the KZT against the US dollar for imported goods and services.

Samruk Transaction

As previously announced, a Memorandum of Understanding was signed, on 7 October 2008 with Samruk – Energy JSC in which the Group and Samruk – Energy JSC agree to consider entering into a strategic partnership and joint ownership of the Kazakhmys Power Division. The transaction continues to progress and agreement on whether to proceed should be reached during 2009. Any agreement will be subject to shareholder and regulatory approvals.

FINANCIAL PERFORMANCE

Sales volumes

The following table sets out the sales volumes of the major products produced by Kazakhmys Copper:

		Q1 2009	Q4 2008	Q1 2008
Copper cathodes	'000 t	94.9	100.1	71.9
Copper rod	'000 t	2.3	15.7	11.0
Copper in concentrate	'000 t	5.3	0.6	-
Total copper products	'000 t	102.5	116.4	82.9
Zinc metal	'000 t	10.2	12.2	4.9
Zinc in concentrate	'000 t	34.0	31.6	18.1
Silver	'000 oz	3,215	4,890	4,405
Gold	'000 oz	30.6	29.0	32.2

In Q1 2009, copper cathode sales were higher than production as stock levels fell by 8.8 kt and goods in transit decreased by 7.8 kt. Sales were above the levels achieved in Q1 2008 where stock levels and goods in transit were relatively flat. Copper cathode sales in Q4 2008 benefited from a release of copper cathodes in stock and goods in transit of 10.0kt.

Copper rod sales in Q1 2009 were lower which is consistent with the planned reduction in copper rod production in 2009 to only meet local demand due to the product's relatively low profit margin when compared to copper cathode sales in the current economic climate.

Following on from the trial sales of copper concentrate started in 2008, the volume of copper concentrate sold in Q1 2009 has increased. In Q1 2009, all copper concentrate was sold to China on a contractual basis.

Zinc metal sales in Q1 2009 were lower than in Q4 2008 with production falling by 3.7 kt as operations at the zinc smelter were suspended as planned during March 2009. Zinc metal sales in Q1 2008 were impacted by shipment delays with 8.7 kt of zinc metal in transit at the period end. With the closure of the zinc smelter, sales of zinc in concentrate have increased.

Gold sales in Q1 2009 exceeded the production levels in the period due to the decline in gold inventory by 2.4 koz. The gold sales were slightly lower than those in Q1 2008 but in line with Q4 2008. Silver sales were below production in Q1 2009 due to increases in the stock level by 900 koz and by 300 koz of goods in transit.

FINANCIAL PERFORMANCE (CONTINUED)

Commodity Prices

The following table sets out the average realised prices for the major commodities:

		Q1 2009	Q4 2008	Q1 2008
Copper	\$/tonne	3,319	3,539	7,497
Zinc	\$/tonne	1,070	1,173	2,442
Silver	\$/tr.oz	13	10	18
Gold	\$/tr.oz	908	772	940

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

		Q1 2009	Q4 2008	Q1 2008
Copper	\$/tonne	3,428	3,905	7,796
Zinc	\$/tonne	1,172	1,185	2,430
Silver	\$/tr.oz	13	10	18
Gold	\$/tr.oz	908	797	928

Realised prices will differ from average prices during the same period, principally because of the timing of sales over the period not occurring evenly. Prices rose during Q1 2009 from \$3,071 per tonne at 2 January 2009 to \$4,035 at 31 March 2009. Premiums or discounts to metal exchange prices also impact realised average prices.

Copper hedging

During the quarter, the Group implemented a series of collar transactions which established a price protecting floor and a cap to the maximum price received for a total of 90,000 tonnes of copper through to the end of 2009.

The hedges cover 8,500 tonnes per month for each month out to the end of 2009, hedging approximately 30% of estimated copper production. This is intended to cover production from higher cost mines, so that in the current environment and in the event of price weakness, there is greater certainty of production and stability for employees.

The weighted average floor price is \$3,045 per tonne and the weighted average ceiling price is \$4,034 per tonne with settlement against LME official average monthly settlement prices. All hedges during the first quarter expired without settlement as official LME prices remained within the collar range.

No cash premiums were paid or received under the zero cost structures.

At present there are no plans to increase the level of hedge cover, although the Group will continue to review the situation in light of future market developments.

FINANCIAL POSITION

Except as described in this statement, there has been no significant change in the financial position of the Group since 31 December 2008.

Net debt

The net debt position of the Group amounted to \$1,645 million at 31 March 2009, compared to \$1,628 million at 31 December 2008.

Advance tax payments were made in Kazakhstan during the period, which were agreed with the Kazakh tax authorities during 2008 at a time of higher commodity prices. Since the beginning of April 2009, it has been agreed with tax authorities to freeze any further advance tax payments, with any tax due during the 2009 financial year to be offset against the receivable balance existing at 31 March 2009.

Final pricing adjustments were remitted to customers in January and February 2009, resulting from the closure of 2008 contracts and the sharp decline in copper price experienced in December 2008.

The devaluation of the Kazakh tenge announced on 4 February 2009 had a one off negative impact on tenge cash balances, when translated into US dollars.

Excluding these non-recurring items, the Group has been operationally cash generative since the start of the year.

Borrowing Facilities

Revolving credit facility

On 30 March 2009, the Group signed an agreement with a syndicate of banks to extend its standby revolving credit facility for \$150 million to 31 March 2010. The facility remains undrawn as at 31 March 2009.

PXF facility

The first repayment under the \$2.1 billion pre-export finance facility was made on 31 March. The amortisation schedule requires monthly repayments for \$43.75 million for the remaining term of the facility out to March 2013.

MKM refinancing

Refinancing of the EUR 230 million revolving trade finance facility at MKM started in March 2009. Repayments under the facility are scheduled to commence in June 2009 through to final maturity in May 2010. Utilisation under the facility was EUR 71.6 million as at 31 March 2009.

Holding in ENRC PLC

The Group's holding of 334,824,860 shares in ENRC PLC is currently worth \$2,148 million based on a share price of 451 pence on 31 March, compared to a value of 330 pence and \$1,600 million at 31 December 2008.

COPPER MINING

		Q1 2009	Q4 2008	Q1 2008
Zhezkazgan complex				
North	ore ('000 t)	935	1,033	558
	grade (%)	0.78	0.77	0.68
East	ore ('000 t)	1,259	1,178	1,322
	grade (%)	0.64	0.70	0.82
South	ore ('000 t)	1,155	1,100	968
	grade (%)	0.71	0.63	0.66
West	ore ('000 t)	69	528	488
	grade (%)	0.72	0.70	0.45
Stepnoy	ore ('000 t)	845	717	716
	grade (%)	0.80	0.79	0.84
Annensky	ore ('000 t)	856	899	947
	grade (%)	0.84	0.84	0.81
Zhomart	ore ('000 t)	789	797	805
	grade (%)	1.71	1.65	1.10
Complex total	ore ('000 t)	5,908	6,252	5,804
Complex average	grade (%)	0.87	0.85	0.79
		Q1 2009	Q4 2008	Q1 2008
Balkhash complex				
Kounrad	ore ('000 t)	-	46	145
	grade (%)	-	0.32	0.29
Sayak I, III	ore ('000 t)	414	460	399
	grade (%)	1.08	1.03	1.01
Shatyrkul	ore ('000 t)	132	138	60
	grade (%)	2.26	2.09	1.98
Complex total	ore ('000 t)	546	644	604
Complex average	grade (%)	1.37	1.21	0.93

COPPER MINING (CONTINUED)

		Q1 2009	Q4 2008	Q1 2008
East region				
Nikolayevsky	ore ('000 t)	100	197	82
	grade (%)	2.55	1.57	2.18
Artemyevsky	ore ('000 t)	333	410	333
	grade (%)	1.62	1.68	1.67
Irtyshtsky	ore ('000 t)	127	118	118
	grade (%)	1.50	1.46	1.38
Belousovsky	ore ('000 t)	-	34	61
	grade (%)	-	1.36	0.90
Orlovsky	ore ('000 t)	406	382	360
	grade (%)	4.43	5.23	5.06
Yubileyno-Snegirikhinsky	ore ('000 t)	154	162	94
	grade (%)	3.10	2.83	3.53
Region total	ore ('000 t)	1,120	1,303	1,048
Region average	grade (%)	2.91	2.82	2.96
Karaganda region				
Nurkazgan (West, North)	ore ('000 t)	186	56	222
	grade (%)	0.70	0.41	0.96
Akbastau	ore ('000 t)	-	640	380
	grade (%)	-	2.35	3.04
Kosmurun	ore ('000 t)	-	-	74
	grade (%)	-	-	2.58
Abyz	ore ('000 t)	-	74	125
	grade (%)	-	1.63	1.63
Region total	ore ('000 t)	186	770	801
Region average	grade (%)	0.70	2.14	2.20
Total	ore ('000 t)	7,760	8,969	8,257
Average	grade (%)	1.20	1.27	1.21

COPPER PROCESSING

		Q1 2009	Q4 2008	Q1 2008
Zhezkazgan complex				
Copper concentrate	'000 t	128.0	133.1	111.7
Copper in concentrate	'000 t	45.2	46.7	40
Balkhash complex				
Copper concentrate	'000 t	46.2	64.2	37.8
Copper in concentrate	'000 t	8.3	9.8	6.1
East region				
Copper concentrate	'000 t	155.5	156.0	134.6
Copper in concentrate	'000 t	27.5	29.5	25.1
Karaganda region				
Copper concentrate	'000 t	47.7	74.5	47.6
Copper in concentrate	'000 t	4.4	13.9	7.0
Total own processed				
Copper concentrate	'000 t	377.5	427.8	331.7
Copper in concentrate	'000 t	85.4	99.9	78.2
Own ore processed by third parties				
Copper concentrate	'000 t	8.1	6.5	6.9
Copper in concentrate	'000 t	2.0	1.7	1.9
Total own				
Copper concentrate	'000 t	385.5	434.3	338.6
Copper in concentrate	'000 t	87.4	101.6	80.1
Purchased concentrate				
Copper concentrate	'000 t	0.1	26.4	24.0
Copper in concentrate	'000 t	-	7.0	5.9
Total copper in concentrate				
	'000 t	87.4	108.6	86.0

COPPER SMELTER / REFINERY – COPPER CATHODE PRODUCTION

		Q1 2009	Q4 2008	Q1 2008
Zhezkazgan smelter				
Own concentrate	'000 t	31.1	48.1	46.6
Purchased concentrate	'000 t	-	-	-
Sub - total	'000 t	31.1	48.1	46.6
Tolling	'000 t	-	-	-
Total including tolling	'000 t	31.1	48.1	46.6
Balkhash smelter				
Own concentrate	'000 t	45.8	42.6	28.9
Purchased concentrate	'000 t	3.7	14.8	8.5
Sub - total	'000 t	49.5	57.4	37.4
Tolling	'000 t	-	-	0.1
Total including tolling	'000 t	49.5	57.4	37.5
Grand total	'000 t	80.6	105.5	84.1

BY-PRODUCTS MINING - ZINC

		Q1 2009	Q4 2008	Q1 2008
ZINC				
East region				
Nikolayevsky	grade (%)	2.20	3.76	2.91
Artemyevsky	grade (%)	5.57	4.51	5.30
Irtyshtsky	grade (%)	3.63	3.46	3.28
Belousovsky	grade (%)	-	0.99	1.92
Orlovsky	grade (%)	4.50	4.38	5.06
Yubileyno-Snegirikhinsky	grade (%)	2.63	2.19	3.72
Region average	grade (%)	4.26	3.88	4.46
Karaganda region				
Kosmurun	grade (%)	-	-	4.70
Akbastau	grade (%)	-	0.54	0.60
Abyz	grade (%)	-	1.76	3.39
Region average	grade (%)	-	0.66	1.73
Overall average	grade (%)	4.26	2.74	3.49
Zinc in concentrate	('000 t)	39.8	32.8	33.6
Zinc metal	('000 t)	8.6	12.3	12.4

BY-PRODUCTS – SILVER

		Q1 2009	Q4 2008	Q1 2008
SILVER				
Zhezkazgan complex				
North	grade (g/t)	11.77	10.44	11.39
East	grade (g/t)	17.98	15.68	19.14
South	grade (g/t)	19.02	17.39	13.46
West	grade (g/t)	17.01	17.32	13.01
Stepnoy	grade (g/t)	7.68	8.34	9.87
Annensky	grade (g/t)	25.12	22.73	12.87
Zhomart	grade (g/t)	8.05	11.13	6.31
Region average	grade (g/t)	15.43	14.85	12.99
Balkhash complex				
Kounrad	grade (g/t)	-	0.33	1.92
Sayak I, III	grade (g/t)	5.52	5.67	6.58
Shatyrcul	grade (g/t)	2.79	2.41	0.65
Region average	grade (g/t)	4.86	4.59	4.87
East region				
Nikolayevsky	grade (g/t)	28.35	35.32	48.06
Artemyevsky	grade (g/t)	101.22	99.22	103.5
Irtyshtsky	grade (g/t)	59.24	54.46	51.4
Belousovsky	grade (g/t)		23.23	40.47
Orlovsky	grade (g/t)	66.20	52.16	60.46
Yubileyno-Snegirikhinsky	grade (g/t)	30.16	25.09	70.88
Region average	grade (g/t)	67.51	60.49	71.88
Karaganda region				
Nurkazgan	grade (g/t)	1.99	4.30	2.31
Akbastau	grade (g/t)	-	22.10	37.27
Kosmurun	grade (g/t)	-	-	70.35
Abyz	grade (g/t)	-	19.6	41.48
Region average	grade (g/t)	1.99	20.56	31.30
Overall average	grade (g/t)	21.88	21.23	21.65
Silver in concentrate	('000 oz)	4,390	5,382	4,145
Own concentrate	('000 oz)	3,821	3,845	3,069
Own concentrate processed by 3rd parties	('000 oz)	568.3	560	477
Purchased concentrate	('000 oz)	-	976	599
Silver metal¹	('000 oz)	4,437	4,587	4,020

BY-PRODUCTS – GOLD

		Q1 2009	Q4 2008	Q1 2008
GOLD				
Balkhash complex				
Sayak I, III	grade (g/t)	0.44	0.38	0.33
Shatyrkul	grade (g/t)	0.44	0.38	0.08
Region average	grade (g/t)	0.44	0.38	0.30
East region				
Nikolayevsky	grade (g/t)	0.41	0.26	0.48
Artemyevsky	grade (g/t)	1.34	0.97	1.18
Irtyshtsky	grade (g/t)	0.40	0.40	0.39
Belousovsky	grade (g/t)	-	0.20	0.44
Orlovsky	grade (g/t)	0.89	0.84	1.00
Yubileyno-Snegirikhinsky	grade (g/t)	0.49	0.43	0.80
Region average	grade (g/t)	0.87	0.69	0.90
Karaganda region				
Nurkazgan	grade (g/t)	0.19	1.34	0.29
Akbastau	grade (g/t)	-	0.54	1.10
Kosmurun	grade (g/t)	-	-	2.73
Abyz	grade (g/t)	-	2.03	3.36
Region average	grade (g/t)	0.19	0.74	1.38
Overall average				
	grade (g/t)	0.68	0.63	0.94
Gold in concentrate	('000 oz)	31.7	32.8	22.7
Own concentrate	('000 oz)	27.8	21.1	16.5
Own concentrate processed by 3rd parties	('000 oz)	3.9	3.2	2.5
Purchased concentrate	('000 oz)	-	8.5	3.7
Gold output¹	('000 oz)	29.0	31.4	31.4

¹ Includes slimes from purchased concentrate