



KAZAKHMYS PLC

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Company Number: 5180783

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KAZAKHMYS PLC ANNOUNCES AN INCREASE TO 50% OF THE STAKE TO BE SOLD IN EKIBASTUZ POWER PLANT

Kazakhmys PLC ("Kazakhmys" or the "Group") announces that, further to the announcement made on 13 October 2009, the stake to be sold in its Ekibastuz GRES -1 ("Ekibastuz") power plant, to the National Welfare Fund Samruk-Kazyna JSC ("Samruk-Kazyna"), will increase from 25% to 50% (the "Transaction"). The consideration will increase from \$339 million to \$681 million.

On 13 October 2009, Kazakhmys announced the sale of 25% of Ekibastuz to Samruk-Kazyna. Following further negotiations, the size of the stake to be sold has been increased to 50%. This transaction is in keeping with the original memorandum signed and announced in October 2008, to develop a strategic partnership at Ekibastuz with Samruk-Kazyna.

The consideration of \$681 million will be payable in cash and will primarily be used by Kazakhmys to repay debt. The transaction is subject to certain regulatory consents and approvals. As Samruk-Kazyna is owned by the Government of Kazakhstan, which is a significant shareholder in Kazakhmys, this is a related party transaction and is therefore subject to the approval of shareholders of Kazakhmys.

A Circular providing additional detail on the Transaction will be sent to shareholders by the end of December ahead of a General Meeting to be held in January to approve the Transaction. As part of the negotiations with Samruk-Kazyna, it was agreed that Kazakhmys would receive the proceeds from the Transaction by the year end, in advance of completion. Transfer of title, however, will not happen until all regulatory consents and approvals have been obtained.

Kazakhmys and Samruk-Kazyna will create a joint supervisory board following the Transaction. Management positions will alternate between Kazakhmys and Samruk-Kazyna every five years. In the first five years following the transaction, Kazakhmys will appoint the management team whilst Samruk-Kazyna will appoint several key oversight positions.

As stated in October 2009, the Board believes that partnership with Samruk-Kazyna will enhance the value of Ekibastuz by providing a closer relationship with the Bogatyr mine (jointly owned by Samruk-Energy JSC and UC Rusal) which supplies approximately 80% of Ekibastuz's coal requirements. The strategic partnership is also expected to further support the upgrading of the Ekibastuz power station, while providing greater integration with Kazakhstan's generation and transmission programmes.

The full year EBITDA and profit before tax attributable to Ekibastuz, as derived from its IFRS audited financial statements, was \$86.7 million and \$35.3 million, respectively, for the year ended 31 December 2008. As at 30 June 2009, Ekibastuz had gross assets of \$1,535 million. The Transaction implies a gross valuation for the Ekibastuz power plant of \$1,362 million.

Oleg Novachuk, Chief Executive of Kazakhmys, said: “We are delighted to announce the increase in the sale of a stake in our commercial power plant to Samruk-Kazyna. Kazakhmys retains its investment in a highly attractive business, with the security of owning sufficient power generation for all our future needs, whilst freeing up additional capital for the Group. With its access to coal and strategic importance in the sector, Samruk-Kazyna is the ideal partner for us in Ekibastuz. The recent completion of refurbishment at one of the eight units and the commencement of work on another unit shows the positive momentum at this key asset.”

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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 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 owns 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.

The National Welfare Fund Samruk-Kazyna JSC (the "Fund") was established in October 2008, through the merger of the Kazyna State Fund of Sustainable Growth and the Kazakh State Asset Management Holding Company, Samruk. Samruk-Kazyna was established to assist the growth of the national economy.

The major goal of the Fund's activities is the management of shareholdings in national development institutions, national companies and other legal entities that it holds investments in, with the view of maximising their long-term value and increasing their competitiveness.

The Fund's main activities are:

1. facilitating the modernization and diversification of the national economy;
2. helping stabilize the Kazakh economy; and
3. increasing the efficiency of the companies' in which it invests.

Related Party Transaction.

The directors have been advised by J.P. Morgan Cazenove regarding the related party aspects of the transaction.

J.P. Morgan Cazenove Limited which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting exclusively for Kazakhmys and for no one else in connection with the related party aspects of the transaction and will not be responsible to anyone other than Kazakhmys for providing the protections afforded to its customers or for providing advice in relation to the transaction or any other arrangements referred to herein.