



KAZAKHMYYS PLC

6TH FLOOR
CARDINAL PLACE
100 VICTORIA STREET
LONDON SW1E 5JL
Tel: +44 (0) 20 7901 7800
Company registered in England and Wales
Company Number: 5180783

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KAZAKHMYYS PLC ANNOUNCES THE SALE OF A 25% STAKE IN EKIBASTUZ POWER PLANT TO SAMRUK-KAZYNA

Kazakhmys PLC ("Kazakhmys" or the "Group") announces the sale of a 25% stake in its Ekibastuz GRES -1 ("Ekibastuz") power plant to the National Welfare Fund Samruk-Kazyna JSC ("Samruk-Kazyna") for a consideration of \$339 million in cash. The transaction implies a gross valuation for the Ekibastuz power plant of \$1,356 million.

Ekibastuz is the largest power plant in Kazakhstan and has the potential to significantly increase capacity over the next 5 years, from the current available capacity of 2,250 MW back to the plant's original nameplate capacity of 4,000 MW. In a market increasingly short of power supply, Ekibastuz is key to meeting Kazakhstan's future power needs.

The value of the transaction was determined by reference to the price paid by Kazakhmys when it acquired the Ekibastuz plant in May 2008, plus subsequent investments in the business by Kazakhmys. The transaction follows a memorandum of understanding, signed in October 2008, between Kazakhmys and Samruk-Energy JSC, a subsidiary of Samruk-Kazyna, to consider a partnership at Ekibastuz.

The consideration of \$339 million will be payable in cash and will primarily be used by Kazakhmys to repay debt. The transaction is subject to regulatory consents and approvals and completion is expected by the end of 2009. Kazakhmys will retain management control of Ekibastuz following the transaction.

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.

Oleg Novachuk, Chief Executive of Kazakhmys, said:

"Samruk-Kazyna is an excellent partner for us in Ekibastuz and we are pleased to be formalising the relationship. Ekibastuz is a key strategic asset in Kazakhstan and this agreement will assist its long-term development and return to full capacity."

The Government of Kazakhstan owns Samruk-Kazyna and is, indirectly, a significant shareholder in Kazakhmys, with representation on the board of directors. The proposed transaction constitutes a 'smaller related party transaction' for the purposes of the Listing Rules of the United Kingdom Listing Authority.

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

For further information please contact:

Kazakhmys PLC

John Smelt	Head of Corporate Communications	Tel: +44 20 7901 7882
Irene Burton	Financial Analyst	Tel: +44 78 7964 2675
Zulfira Mukhamedyarova	Senior Manager – Media Relations	Tel: +44 20 7901 7814

Merlin

David Simonson		Tel: +44 20 7653 6620
Tom Randell		Tel: +44 20 7653 6620
Leonid Fink		Tel: +44 20 7653 6620

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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.

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.