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20 February 2020

KAZ MINERALS PLC AUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

FINANCIAL HIGHLIGHTS

- **Revenues increased by 5% to $2,266 million (2018: $2,162 million) as higher production and sales offset lower copper prices**
  - Full year copper sales volumes of 317 kt (2018: 296 kt) and gold sales of 225 koz (2018: 169 koz)
  - Average LME copper price in 2019 reduced by 8% to $6,000/t (2018: $6,526/t)
- **EBITDA[1] of $1,355 million at an EBITDA margin of 60% (2018: $1,310 million)**
  - Operating profit increased by 8% to $923 million (2018: $851 million)
- **Industry leading net cash cost[1] of 77 USc/lb (2018: 85 USc/lb)**
  - Gross cash costs[1] reduced to 140 USc/lb (2018: 144 USc/lb) driven by increased contribution from Aktogay and cost efficiencies at the East Region
  - Gold by-product revenues rose by 50% to $318 million (2018: $212 million) driven by 10% increase in production, 10% higher average LBMA gold price and the sale of inventory
  - Structural factors of economies of scale, competitive energy and transport costs, and low strip ratios continue to support the Group's low cost position
- **Net debt[1] $2,759 million (2018: $1,986 million)**
  - 2019 investments include $436 million cash consideration for the Baimskaya acquisition and $718 million of expansionary capital expenditure (2018: $530 million)
  - Gross liquid funds[1] of $541 million at 31 December 2019 (2018: $1,467 million)
  - $1.0 billion of committed facilities undrawn as at 28 January 2020, following amendment of PXF
- **Final dividend of 8 US cents per ordinary share recommended**
  - Total 2019 dividend of 12 US cents per ordinary share, including the interim dividend of 4 US cents per ordinary share paid on 25 October 2019

OPERATIONAL HIGHLIGHTS

- **Copper production[2] of 311 kt and gold production[3] of 201 koz (+6% and +10% compared with 2018)**
  - 2020 copper production[2] guided at 280-300 kt as grades are expected to decline at Aktogay while East Region output is limited by low grades and challenging geological conditions

POSITIONED FOR GROWTH

- **Strong performance from producing assets supports investment in near and long term growth**
  - Aktogay expansion on track for completion in 2021, $1.2 billion project budget unchanged
  - Baimskaya feasibility study ongoing, expected to be completed later in the first half of 2020

$ million (unless otherwise stated)	**2019**	2018
Revenues	**2,266**	2,162
EBITDA[1]	**1,355**	1,310
Operating profit	**923**	851
Profit before tax	**726**	642
Underlying Profit[1]	**571**	530
Ordinary EPS - basic ($)	**1.21**	1.14
Ordinary EPS - diluted ($)	**1.17**	1.14
Net cash flows from operating activities	**512**	673
Free Cash Flow[1]	**411**	585
Gross cash cost[1] (USc/lb)	**140**	144
Aktogay	**102**	106
Bozshakol	**137**	129
East Region & Bozymchak	**234**	244
Net cash cost[1] (USc/lb)	**77**	85
Aktogay	**98**	103
Bozshakol	**31**	58
East Region & Bozymchak	**104**	94
Gross borrowings	**3,300**	3,453
Gross liquid funds[1]	**541**	1,467
Net debt[1]	**2,759**	1,986

1 Alternative Performance Measures ("APMs") are used to assess the performance of the Group and are not defined or specified under IFRS. For further information on APMs, including justification for their use, please refer to the APMs section on page 54.
2 Payable metal in concentrate and copper cathode from Aktogay oxide ore.
3 Payable metal in concentrate.

Andrew Southam, Chief Executive Officer, said: "In 2019 KAZ Minerals has continued to build on its operational track record, delivering further growth in copper production and maintaining its industry leading cost position. Our large scale operations in Kazakhstan achieved record levels of production and our proven, low cost asset base provides a strong platform for investment into value-accretive growth projects. The Aktogay expansion project is on budget and on track to commence production in 2021. We look forward to releasing further details of our plans for Baimskaya when the bankable feasibility study is completed."

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NOTES TO EDITORS

KAZ Minerals PLC ("KAZ Minerals" or "the Group") is a high growth copper company focused on large scale, low cost, open pit mining in Kazakhstan, Russia and Kyrgyzstan. It operates the Aktogay and Bozshakol open pit copper mines in the East Region and Pavlodar region of Kazakhstan, three underground mines and associated concentrators in the East Region of Kazakhstan and the Bozymchak copper-gold mine in Kyrgyzstan. In 2019, total copper production was 311 kt with by-products of 201 koz of gold, 3,382 koz of silver and 38 kt of zinc in concentrate. The Group acquired the Baimskaya project in the Chukotka region of Russia in January 2019, one of the world's most significant undeveloped copper assets, with the potential to become a large scale, low cost, open pit copper mine.

The Group's new operations at Aktogay and Bozshakol have delivered industry leading production growth and transformed KAZ Minerals into a company dominated by world class, open pit copper mines.

Aktogay is a large scale, open pit mine similar to Bozshakol, with a remaining mine life of around 25 years (including the expansion project) at an average copper grade of 0.35% (oxide) and 0.33% (sulphide). Aktogay commenced production of copper cathode from oxide ore in December 2015 and copper in concentrate from sulphide ore in February 2017. The operating sulphide concentrator has an annual ore processing capacity of 25 million tonnes and the sulphide processing capacity will be doubled to 50 million tonnes with the addition of a second concentrator by the end of 2021. Aktogay is competitively positioned on the global cost curve and will produce an average of 100 kt of copper per year from sulphide ore until 2021, increasing to 170 kt per year from 2022 to 2027, after the second concentrator commences operations. Copper production from oxide ore will be in the region of 20 kt per annum until 2024.

Bozshakol is a first quartile asset on the global cost curve with an annual ore processing capacity of 30 million tonnes and a remaining mine life of c.40 years at an average copper grade of 0.36%. The mine and processing facilities commenced output in 2016 and will produce an average of 100 kt of copper cathode equivalent and 120 koz of gold in concentrate per year over the first 10 years of operations.

The Peschanka deposit within the Baimskaya licence area in Russia has JORC resources of 9.5 Mt of copper at an average grade of 0.43% and 16.5 Moz of gold at an average grade of 0.23 g/t. Average annual production over the first ten years of operations is expected to be 250 kt copper and 400 koz gold, or 330 kt Copper Equivalent Production, with a mine life of approximately 25 years and first quartile operating costs. The project is located in a region identified by the Russian Government as strategically important for economic development and will benefit from the construction of state-funded power and transport infrastructure and the provision of tax incentives. The estimated capital budget for construction is $5.5 billion. The parameters of the project will be confirmed on completion of the feasibility study. The Group expects the project to generate a significant NPV uplift and an attractive IRR at analyst consensus copper prices. The development of Baimskaya will enable the Group to continue its high growth trajectory, adding a large scale, long life asset to the Group's portfolio.

KAZ Minerals is listed on the London Stock Exchange and the Kazakhstan Stock Exchange and employs around 16,000 people, principally in Kazakhstan.

CAUTIONARY NOTICE CONCERNING FORWARD-LOOKING STATEMENTS

These results include certain forward-looking statements. All statements other than historical facts are forward-looking statements. Examples of forward-looking statements include those regarding the business, strategy and plans of KAZ Minerals and its current goals, assumptions and expectations relating to its future financial condition, performance and results, commodity demand and trends in commodity prices, growth opportunities and any assumptions underlying or relating to any of the foregoing. Forward-looking statements are sometimes but not always identified by words such as "aim", "intend", "anticipate", "estimate", "plan", "believe", "expect", "may", "should" or in each case their negative and similar expressions. By their nature, forward-looking statements involve known and unknown risks, assumptions and uncertainties and other factors which are unpredictable as they relate to events and depend on circumstances, that will occur in the future, which may cause actual results, performance or achievements of KAZ Minerals to be materially different from those expressed or implied in these forward-looking statements. Principal risk factors that could cause KAZ Minerals' actual results, performance or achievements to differ materially from those in the forward-looking statements include (without limitation) health and safety, community and labour relations, employees, environmental compliance, business interruption, new projects and commissioning, reserves and resources, political risk, legal and regulatory compliance, commodity prices, foreign exchange and inflation, exposure to China, acquisitions and divestments, liquidity, and such other risk factors disclosed in KAZ Minerals' most recent Annual Report and Accounts. Forward-looking statements should therefore be construed in light of such risk factors. These forward-looking statements should not be construed as a profit forecast.

No part of these results constitutes, or shall be taken to constitute, an invitation or inducement to invest in KAZ Minerals PLC, or any other entity, and shareholders are cautioned not to place undue reliance on the forward-looking statements. Except as required by the Listing Rules and applicable law, rule or regulation, KAZ Minerals does not undertake any obligation to publicly update or change any forward-looking statements, to reflect events or new information occurring after the date of these results.

SHAREHOLDER INFORMATION

The Company declares dividends in US dollars. The default currency for payment of dividends is US dollars, although shareholders can elect to receive their dividends in UK pounds sterling. Those shareholders who wish to receive their dividend in UK pounds sterling should contact the Company's registrar to request a currency election form.

For those shareholders who have elected to receive their dividends in UK pounds sterling, the currency conversion rate to convert the dividend into UK pounds sterling will be £0.7692 to the US dollar. The conversion rate is based on the average exchange rate for the five business days ending two days before the date of the annual results announcement.

Subject to the approval of shareholders at the Annual General Meeting on 30 April 2020, the final dividend in US dollars and UK pounds sterling will be paid on Friday 22 May 2020 to shareholders on the register at the close of business in the UK on the record date, Friday 24 April 2020. The ex-dividend date is Thursday 23 April 2020.

ANNUAL GENERAL MEETING

The 2020 Annual General Meeting will be held at 12.15pm on Thursday 30 April 2020 at Linklaters LLP, One Silk Street, London EC2Y 8HQ, United Kingdom.

The 2019 Annual Report and Accounts and details of the business to be conducted at the Annual General Meeting will be mailed to shareholders and displayed on the Company's website (www.kazminerals.com) in late March 2020.

CHAIR'S STATEMENT

Since its formation in 2014, KAZ Minerals has focused on the construction of large scale copper mining projects in the CIS region. We have successfully applied modern technology to develop copper deposits, building a portfolio of highly profitable mines with low operating costs.

Our decision to invest in copper growth projects is based on a positive long term view of the copper market. Millions of tonnes of additional copper production are required to provide the world with the copper it needs to replace depletion of existing mines, to raise living standards in developing economies, to transition away from energy systems reliant on fossil fuels and to improve energy efficiency.

In 2019, the Group's operating assets in Kazakhstan performed well, with both Bozshakol and Aktogay delivering quarterly production records during the year. We also took steps towards establishing the next phase of growth for the Group, progressing the expansion project at our Aktogay mine in Kazakhstan and completing the acquisition of the Baimskaya copper project in Chukotka, Russia. The Aktogay expansion project will add to our existing world class asset base and provide a strong platform to support our investment in the Baimskaya project, which is one of the world's largest undeveloped copper deposits.

The acquisition of Baimskaya is aligned with our high growth, low cost strategy and the Group has a proven track record for the successful delivery of large scale mining projects. Baimskaya has the potential to approximately double the Group's copper production and triple gold output when it commences processing of ore from around 2026. The feasibility study for this project is progressing and the details are expected to be published later in the first half of 2020.

Copper and climate change

Focus on the issue of climate change has increased and investors and the wider public are demanding action from companies, governments and individuals. We recognise the significance that a transition to a lower carbon economy will have for the copper market and securing additional supplies of copper will be essential for facilitating a reduction in global CO_2 emissions. Renewable energy generation is many times more copper intensive than power generated from conventional energy sources. Additional supplies of copper will also be required to support the growing adoption of electric vehicles, which require more copper than internal combustion vehicles.

Our values and purpose

KAZ Minerals' corporate purpose is to invest sustainably in increasing its copper production. This has clear benefits for society due to the wide range of applications for copper in our everyday lives and the importance of copper for future energy and transportation technologies. Whilst growing our business, we seek to minimise the impact of our operations on the environment and we support national and local social projects which benefit host communities. We conduct our business in line with five corporate values which we use to guide our decision making: Safety, Long Term Efficiency, Teamwork, Professional Development and Integrity. By adhering to these values we will be able to deliver sustainable growth which benefits all stakeholders.

Health and safety

It is with regret that I report two employee fatalities occurred at our operations during 2019, and one in January 2020. Any fatality is unacceptable to us and as a Group we have invested significant time, effort and funding to improve our safety performance. Whilst we have achieved a long term reduction in the number and frequency of fatalities over the last few years, we will continue to devote our resources to eliminate fatalities and injuries at our operations.

Consultation and diversity

KAZ Minerals strongly believes in the benefits of regular consultation with its employees. Each year I host a 'Direct Line' forum to take questions from employees. Over the years we have made many improvements from acting upon feedback gained from these events, as well as through normal management reporting channels. Our Deputy Chair, Michael Lynch-Bell also meets with employee and labour union representatives and provides further feedback to the Board.

KAZ Minerals has amongst the highest female representation in its workforce of any of its mining peer group, at 22%. This level of female representation is consistent across all levels of employees and management. Excluding roles which are restricted by law in Kazakhstan from being carried out by female workers, the proportion of female workers is 39%.

Our workforce benefits from a broad diversity of nationalities and ethnic backgrounds. In Kazakhstan and Kyrgyzstan we prioritise recruitment and training for local workers and around 98% of our employees are nationals of those countries. Our expatriate employees bring mining experience to the Group from all over the world.

Dividends

The Group's dividend policy, established at the time of Listing, is for the Board to consider the cash generation and financing requirements of the business before recommending a suitable dividend. This maintains flexibility, which is appropriate given the underlying cyclicality of a commodity business and the Group's growth ambitions.

The Group's largest assets in Kazakhstan, Aktogay and Bozshakol, are highly cash generative and have contributed to further growth in production and earnings in the year. The Group has also continued to invest in its growth pipeline, with $436 million paid in respect of the Baimskaya acquisition and $111 million incurred on feasibility study and pioneer works. Further capital investments of $607 million were made, mainly in the Aktogay expansion project.

Taking into account the performance of the Group's producing assets in 2019 and the outlook for 2020, the Board has recommended a final dividend of 8.0 US cents per share. Combined with the interim dividend of 4.0 US cents per share, the dividend in respect of the 2019 financial year is 12.0 US cents per share.

The future financing requirements of the Baimskaya project will be announced with the results of the bankable feasibility study, following which the Board will further review the Group's allocation of capital.

Board changes

After nearly nine years as a Director, Charles Watson will retire from the Board during 2020. We are very grateful for Charles' contribution over his time with us, which has been a period of significant change for the Group. Further details of Charles' departure will be announced at the appropriate time.

Performance and prospects

At KAZ Minerals, we have demonstrated our ability to make long-term investment decisions: to construct and operate large scale greenfield copper projects which are today generating significant cash flows and are amongst the lowest cost copper mining assets globally.

We will continue to focus on long-term value creation for the benefit of all stakeholders. The investments we make today at Aktogay and Baimskaya will enable us to deliver higher returns in the future. There are few comparable companies with a similar recent history of success in construction, a growth pipeline of world class projects and a proven producing asset base, consisting exclusively of low cost copper mines. KAZ Minerals has built a strong track record of achievement to date and I look forward to continued success in the years to come.

CHIEF EXECUTIVE OFFICER'S REVIEW

Delivering growth and value

During 2019 KAZ Minerals continued to build on its operational track record, delivering further growth in copper production and maintaining its industry leading cost position. The Group's large scale assets in Kazakhstan achieved record levels of copper and gold production, helping the Group to deliver the highest revenues and EBITDA since the creation of KAZ Minerals in 2014. Our proven, low cost asset base provides a strong platform for investment into high-return brownfield and greenfield copper projects. In the near term, production growth is expected from the Aktogay expansion project starting in 2021, whilst the Baimskaya deposit in Chukotka, Russia, offers longer term growth potential and is currently at feasibility study stage.

Health and safety

We place the highest priority on improving our health and safety performance. I am saddened to report that there were two fatalities in our underground mines in the East Region of Kazakhstan during the year and one in January 2020. We believe that all fatalities are avoidable and we will continue to implement the necessary cultural and procedural changes to achieve this outcome. The open pit mines at Aktogay, Bozshakol and Bozymchak have all operated without any fatal incidents since they commenced production. The number of fatalities in the Group's operations has been on a long term downward trend following targeted investments and initiatives to improve performance in this critical area over several years.

Injury rates reduced in 2019, with the Group recording a TRIFR of 1.38 (2018: 1.74). During the year we launched a new flagship health and safety programme entitled 'Goal Zero'. The programme seeks to unite employees, contractors, supervisors, management and the Board, behind the common aim of reducing health, safety and environmental incidents to zero.

Our people

I would like to thank all of my colleagues for their contribution to KAZ Minerals' performance in 2019. We continue to invest in the training of our workforce in Kazakhstan and our modern, large scale assets provide exciting professional development opportunities. Around 250 local recruits started their apprenticeships at purpose-built facilities at Aktogay during the year and we are proud to be transferring skills to the next generation of miners. The construction of the expansion project at Aktogay will generate further employment and career development opportunities in the future. KAZ Minerals has one of the highest levels of female representation in its workforce amongst its mining peers and we are seeking to increase gender diversity through equality of opportunity.

Review of operations

The main sulphide concentrators at both Aktogay and Bozshakol operated at design ore throughput capacity over the year. Following upgrade works in the first half, the Bozshakol clay plant processed over 3 Mt of ore in the second half of the year, which on an annualised basis exceeded the plant's design capacity throughput of 5 Mtpa.

Group copper production of 311 kt (2018: 295 kt) exceeded guidance of c.300 kt due to a strong performance from Aktogay, where a high average sulphide copper grade of 0.58% and good recovery rates were the main drivers of copper production of 146 kt in 2019. Group gold production of 201 koz (2018: 183 koz) also exceeded guidance set at the start of the year of 170-185 koz, as indicated in the third quarter production report, mainly due to outperformance at Bozshakol and the Bozymchak mine in Kyrgyzstan. Silver production of 3,382 koz was 13% ahead of guidance whilst zinc in concentrate output decreased to 38 kt, slightly below revised guidance of 40-45 kt, due to challenging geological conditions at the two largest mines in the East Region.

Production guidance

With all of the Group's concentrators now fully ramped up and operating at design capacity, future output levels will primarily be determined by average grades and recovery rates, until the start-up of the new concentrator at Aktogay in 2021. Copper production for the Group in 2020 is expected to be 280-300 kt. Aktogay copper production is set at 120-130 kt (2019: 146 kt), as grades will decline from their previously elevated levels, whilst higher average copper grades at Bozshakol are expected to result in copper production increasing to 110-120 kt in 2020 (2019: 110 kt). In the East Region and Bozymchak, copper production is guided to reduce to around 50 kt (2019: 55 kt) as grades and processing volumes remain low at Artemyevsky, during the transition to the second ore body, and as mining takes place at deeper horizons and in more challenging geological conditions at Orlovsky. Gold production guidance is set at 180-200 koz as Bozshakol maintains the high output levels achieved in 2019 but grades decline at Bozymchak, in line with the mine plan. Silver and zinc in concentrate production are expected to remain broadly in line with 2019, at c.3,000 koz and c.40 kt, respectively.

Growth projects

Baimskaya

KAZ Minerals completed the acquisition of the Baimskaya copper project in January 2019. The licence area contains the Peschanka deposit, one of the world's most significant undeveloped copper assets with JORC resources of 9.5 Mt of copper at an average grade of 0.43% and 16.5 Moz of gold at an average grade of 0.23 g/t.

The Group is currently progressing a bankable feasibility study of the Baimskaya project and the results of the study are expected later in the first half of 2020.

The Board approved $80 million of capital expenditure in 2019 for pioneer works on the camp, fuel storage, airfield and site power infrastructure and for the delivery of construction equipment. The pioneer works and deliveries proceeded according to schedule. Total capital expenditure during 2019 on the feasibility study and pioneer works was $111 million.

Aktogay expansion

The Group's expansion project at Aktogay progressed well during 2019, with the main areas of the concentrator building fully enclosed and mill installation underway. The Group took delivery of the first of its new fleet of larger mining vehicles during the year, which contributed to a 32% increase in ore extraction at Aktogay to 55,134 kt (2018: 41,911 kt), as mine development works were undertaken prior to the start of processing at the new concentrator. The project's $1.2 billion budget and timetable are both unchanged with the new concentrator expected to commence operations in 2021.

Koksay

NFC's investment of $70 million for the development of Koksay and its acquisition of a 19.4% stake in the project was completed on 3 July 2019. A feasibility study has commenced, the results of which will be reviewed by the Board before assessing how and when to proceed with the project. Expenditure on study work and drilling during 2019 was $5 million.

Financial performance

Revenues increased to $2,266 million (2018: $2,162 million), despite lower average copper prices during the year, due to the strong production performance with copper and gold sales respectively 7% and 33% higher than 2018. Copper sales of 317 kt (2018: 296 kt) exceeded copper production of 311 kt (2018: 295 kt) due to the sale of finished goods inventory. The average LME copper price in 2019 was $6,000/t, 8% below the average for 2018 of $6,526/t.

The Group maintained its competitive position on the industry cost curve and recorded EBITDA of $1,355 million (2018: $1,310 million), representing an EBITDA margin of 60% (2018: 61%). Operating profit increased by 8% to $923 million (2018: $851 million), representing an operating margin of 41% (2018: 39%). Free Cash Flow reduced by 30% to $411 million (2018: $585 million) and cash flow from operations was $512 million (2018: $673 million).

Unit costs

Higher production volumes from Aktogay and Bozshakol, a weaker tenge to US dollar exchange rate and successful cost reduction initiatives undertaken in the East Region resulted in a Group gross cash cost of 140 USc/lb (2018: 144 USc/lb) and an industry leading net cash cost of 77 USc/lb (2018: 85 USc/lb). KAZ Minerals continues to deliver amongst the lowest unit costs of any pure play copper producer, or copper division of a major diversified miner.

The gross cash cost at Aktogay reduced to 102 US c/lb (2018: 106 USc/lb) with a net cash cost of 98 USc/lb (2018: 103 USc/lb). The reduction in unit costs was mainly driven by higher copper production volumes, which increased by 11% to 146 kt, from 131 kt in 2018.

Bozshakol's gross cash cost increased to 137 USc/lb (2018: 129 USc/lb), mainly due to the sale of 26 koz of gold bar inventory in the first half of 2019 that was brought forward from 2018 to the National Bank of Kazakhstan. The production costs associated with the sale of this material increased gross cash costs by around 5 USc/lb to 137 USc/lb (2018: 129 USc/lb) and benefited net cash costs by 9 USc/lb, contributing to a highly competitive net cash cost for Bozshakol of 31 USc/lb (2018: 58 USc/lb).

In the East Region and Bozymchak, gross cash costs decreased to 234 USc/lb (2018: 244 USc/lb), as the weaker tenge exchange rate and management-led cost reduction measures, including the rationalisation of shift schedules and transportation routes, more than offset lower production volumes and local market inflation in the price of raw materials and labour. The net cash cost in the East Region and Bozymchak increased to 104 USc/lb from 94 USc/lb in 2018, as the reduction in gross cash cost was offset by lower zinc output.

Balance sheet

Net debt increased to $2,759 million (2018: $1,986 million) as the Group invested in the acquisition and development of its copper growth project pipeline. The Baimskaya licence area in Russia was acquired in January 2019, with the $436 million cash component of the consideration paid during the first half. Expansionary capital expenditure of $718 million was invested during 2019, mainly at Aktogay.

The Group made a total of $545 million of scheduled debt repayments and drew $387 million from new facilities during the year, resulting in gross borrowings of $3,300 million at 31 December 2019 (31 December 2018: $3,453 million). New debt facilities were signed with the Development Bank of Kazakhstan for $600 million in June 2019 and Caterpillar Financial Services Corporation for $100 million in November 2019. Combined with the recent $1.0 billion PXF refinancing announced on 28 January 2020, the Group has raised a total of $1.7 billion of debt facilities over the last nine months to replace amortising facilities and provide additional flexibility.

Financial guidance

At Aktogay, gross cash cost guidance for 2020 is set at 110-130 USc/lb, higher than the 102 USc/lb recorded in 2019, as copper output is guided to reduce to 120-130 kt from 146 kt in the prior year. At Bozshakol, grades and copper production volumes are forecast to increase, offsetting general inflation in local wages and energy prices. Gross cash cost guidance is maintained at 130-150 USc/lb, in line with the range set at the beginning of 2019. At the East Region and Bozymchak, 2020 gross cash costs are expected to be between 260 and 280 USc/lb (2019: 234 USc/lb) as sales volumes fall from 62 kt in 2019 to approximately 50 kt, in line with production guidance.

Sustaining capital expenditure at Bozshakol and Aktogay is expected to increase to $60 million for each mine, including construction works relating to tailings capacity. Sustaining capital expenditure of $50 million is expected in the East Region and Bozymchak in 2020.

Excluding the Baimskaya copper project, expansionary capital expenditure in 2020 is expected to be around $495 million. This comprises $400 million on the Aktogay expansion project, $60 million on ongoing mine development works at Artemyevsky in the East Region, $15 million to commence development of the underground phase at Bozymchak and $20 million on Koksay project studies and other smaller items.

Capital expenditure of $150 million has been approved at Baimskaya in 2020 to complete the bankable feasibility study and continue pioneer works. The Group is evaluating whether to make additional equipment deliveries to Pevek in the 2020 shipping window and may consider approving additional capital expenditure later in the year.

Outlook

As hopes for an improvement in international trade relations increased in the fourth quarter, the price of copper recovered from its lows in 2019 but was impacted in January 2020 by an outbreak of the Covid-19 coronavirus. In the short term, the impact of infection control measures taken in China against the virus and news of progress on trade negotiations are likely to be key drivers of the copper market.

The Group maintains its positive view on the medium to long term outlook for copper, as declining supply from existing mines will need to be replaced by output from new projects in progressively more difficult locations and with lower average copper grades. A material deficit in the copper market is forecast by many analysts to emerge over this decade, to coincide with the ramp up of output from the Group’s new copper growth projects at Aktogay and Baimskaya.

KAZ Minerals continues to offer an attractive combination to investors of growing output from its world class producing assets, together with amongst the lowest unit cost position of any pure play copper company globally. We have a strong platform from which to continue our track record of successful investment in copper growth projects.

OPERATING REVIEW

The Group's operations in 2019 comprised the Aktogay and Bozshakol open pit copper mines in the East Region and Pavlodar region of Kazakhstan, three underground mines in the East Region of Kazakhstan, the Bozymchak copper-gold mine in Kyrgyzstan and their associated concentrators.

Group production summary

kt (unless otherwise stated)	**2019**	2018
Copper production	**311.4**	294.7
Aktogay	**145.7**	131.4
Bozshakol	**110.2**	101.6
East Region and Bozymchak	**55.5**	61.7
Gold production (koz)	**201.5**	183.4
Silver production (koz)	**3,382**	3,511
Zinc in concentrate	**38.3**	49.7

AKTOGAY

Aktogay is a large scale, open pit mine with a remaining mine life of around 25 years (including the expansion project) at an average copper grade of 0.35% (oxide) and 0.33% (sulphide). Aktogay is competitively positioned on the global cost curve and will produce an average of 100 kt of copper per year from sulphide ore until 2021, increasing to 170 kt per year from 2022 to 2027, after the second concentrator commences operations.

Production summary

kt (unless otherwise stated)	**2019**	2018
Oxide		
Ore extraction	**19,403**	16,104
Copper grade (%)	**0.32**	0.33
Copper cathode production	**22.7**	25.7
Sulphide		
Ore extraction	**35,731**	25,807
Ore processed	**25,230**	20,766
Average copper grade processed (%)	**0.58**	0.61
Recovery rate (%)	**88**	87
Copper in concentrate	**128.8**	110.6
Copper production	**123.0**	105.7
Total copper production	**145.7**	131.4
Silver production (koz)	**555**	489

At Aktogay total ore extraction increased by 32% to 55,134 kt (2018: 41,911 kt) to meet the requirements of the sulphide plant and in preparation for the Aktogay expansion project. Sulphide ore extraction increased by 38% to 35,731 kt, exceeding processing volumes due to the removal of low grade material to access high grade ore for processing in 2019 and for project development works. A total of 8.9 Mt of lower grade sulphide ore was stockpiled during the year.

Sulphide ore processing volumes increased to 25,230 kt in 2019 as the sulphide concentrator operated at its design capacity over the year and benefited from the deferral of mill maintenance from December 2019 to January 2020. The average copper grade processed in 2019 reduced, as expected, to 0.58% (2018: 0.61%) but remained at elevated levels compared to the copper resource grade of 0.33%. Full year copper production from sulphide ore of 123.0 kt was 16% higher than the 105.7 kt produced in 2018, mainly due to higher ore throughput and an increase in recovery rates, which more than offset the reduction in grade.

The majority of copper production was dispatched as concentrate to customers in China, with 43.7 kt of copper in concentrate sent for toll processing at the Balkhash smelter in Kazakhstan where spare capacity was available on attractive terms.

Copper cathode production from oxide material was 22.7 kt in 2019, 3.0 kt lower than 2018 due to a lower average copper grade. Following the construction of the second stage of heap leach cells, first oxide ore was placed on the leach pads in the fourth quarter of 2019, with leaching due to commence in 2020. Cathode production of 22.7 kt was consistent with long-term guidance of c.20 ktpa until 2024.

Aktogay achieved record total copper production of 145.7 kt in 2019, above full year guidance of 130-140 kt and an 11% increase compared with 2018. These volumes were achieved due to a combination of high grades, consistent ore throughput and the deferral of mill maintenance from December 2019 to January 2020. Sulphide processing grades are forecast to reduce towards the life of mine grade over the first ten years of operations and the average grade expected during the period 2019-2021 inclusive is c.0.50%. Copper production for 2020 is guided at 120-130 kt, including approximately 20 kt from oxide ore. In addition, Aktogay is expected to produce around 500 koz of silver in 2020.

Financial summary

$ million (unless otherwise stated)	**2019**	2018
Revenues	**863**	775
Copper sales (kt)	**148**	130
EBITDA	**564**	530
Operating profit	**381**	350
Gross cash costs (USc/lb)	**102**	106
Net cash costs (USc/lb)	**98**	103
Capital expenditure	**553**	514
Sustaining	**44**	20
Expansionary	**509**	494

Revenues

Revenues increased by 11% to $863 million during 2019, resulting from increased sales volumes following the strong operational performance in the year. The 18 kt increase in copper sales during 2019 had a $102 million beneficial impact on copper revenues, partially offset by an $18 million adverse impact from lower realised copper prices. The average LME copper price decreased by 8% from $6,526/t in 2018 to $6,000/t in 2019, and copper sales were weighted towards the second half of the year when prices were lower. Sales included 65 kt of cathode material, comprising 23 kt produced at the Group's SX/EW plant and 42 kt from copper concentrate processed at the Balkhash smelter. The higher volume of material allocated to smelting in 2019 compared with 2018 positively impacts revenues as toll processed metal is recorded as revenue excluding TC/RCs. Aktogay also recorded $14 million of by-product revenues, primarily from commercially payable quantities of silver and gold.

EBITDA

Aktogay's EBITDA increased to $564 million in 2019, benefiting from the increased revenues in the year. The EBITDA margin remained highly competitive at 65%.

The gross cash cost is expressed on a unit of copper sales basis, after adjustment for the copper payable and TC/RCs. Gross cash costs at Aktogay were 102 USc/lb in 2019, marginally below market guidance of 105-125 USc/lb. Gross cash costs reduced compared with 2018, as the operations benefited from economies of scale from higher output as well as a weaker tenge, which traded at an average of 383 KZT/USD compared with 345 KZT/USD in the previous year. In addition, the deferral of scheduled mill maintenance from December 2019 to January 2020 had the effect of reducing 2019 costs and increasing throughput. This more than offset the impact of cost increases for certain inputs including salaries, fuel and consumables. Cash operating costs include social expenditure of $10 million which has been excluded from gross cash costs as it is not considered directly attributable to mining and processing at Aktogay and benefits the wider Group.

The gross cash cost in 2020 is forecast to be 110-130 USc/lb. The increase compared with 2019 largely reflects the expected reduction in output arising from lower grades. Costs are also expected to increase marginally due to the impact of general inflation, as well as increased maintenance resulting from the mill shutdown being deferred into January 2020.

Operating profit

Operating profit increased by $31 million to $381 million during 2019, reflecting the strong production and cost performance of the mine in the year. The $34 million increase in EBITDA was partially offset by higher MET charges as a greater volume of ore was mined in preparation for the Aktogay expansion project.

Capital expenditure

Sustaining capital expenditure at Aktogay was $44 million, consistent with market guidance of $50 million. The increase from the prior year reflects increased maintenance as the operation matures, as well as construction works to increase the capacity of the tailings storage facility. Approximately $20 million was incurred on the tailings construction in 2019 to provide interim capacity. The tailings construction will continue during 2020 and 2021 to ensure sufficient capacity in advance of the Aktogay expansion. Total sustaining capital expenditure of $60 million, including tailings, is expected in 2020.

The total expansionary capital expenditure at Aktogay of $509 million includes $459 million relating to the Aktogay expansion project which is progressing in line with expectations. Expenditure in the year included around $210 million on equipment for the sulphide concentrator, for which procurement is largely committed. Construction activities continued, incurring c.$175 million of expenditure in the year. In addition, approximately $45 million was incurred to upgrade the mine fleet. In 2020, expenditure of around $400 million on the Aktogay expansion project is forecast. The total capital budget for the project is unchanged at $1.2 billion and first production from the plant is expected in 2021 as previously guided.

Expansionary capital expenditure in 2019 includes $50 million in respect of the original Aktogay project, incurred on final retention payments to contractors and construction of the second stage of heap leach cells for oxide operations. Work on the first Aktogay project has been largely concluded, with limited spend expected in the first half of 2020 to finalise and commission the new heap leach cells.

BOZSHAKOL

Bozshakol is a first quartile asset on the global cost curve with an annual ore processing capacity of 30 million tonnes and a remaining mine life of around 40 years at an average copper grade of 0.36%. The mine and processing facilities commenced output in 2016 and will produce an average of 100 kt of copper cathode equivalent and 120 koz of gold in concentrate per year over the first 10 years of operations.

Production summary

kt (unless otherwise stated)	**2019**	2018
Ore extraction	**35,693**	30,722
Ore processed	**29,470**	28,454
Average copper grade processed (%)	**0.48**	0.48
Copper recovery rate (%)	**81**	79
Copper in concentrate	**115.4**	106.4
Copper production	**110.2**	101.6
Average gold grade processed (g/t)	**0.27**	0.26
Gold recovery rate (%)	**60**	59
Gold in concentrate (koz)	**154.9**	136.7
Gold production (koz)	**144.8**	127.8
Silver production (koz)	**803**	666

Ore extracted at Bozshakol increased by 16% to 35,693 kt as higher volumes of clay ore were extracted in order to access further sulphide ore. From 2020 it is expected that the amount of clay ore processed from stockpiles will exceed mined volumes.

Processing volumes of 29,470 kt were 4% higher than in the previous year (2018: 28,454 kt) and slightly below the design ore capacity for Bozshakol of 30 Mtpa. The main sulphide concentrator operated at full design capacity for the year. In the first half of 2019 operations at the clay plant were suspended for around three months during a programme of upgrades to the water system to increase recycling rates and reduce the consumption of fresh water, following which it performed well, processing over 3 Mt of material in the second half.

The average copper grade processed was 0.48%, consistent with market guidance and the prior year. The average recovery rate improved to 81% (2018: 79%), and combined with the higher levels of ore processed in the second half of the year, resulted in an increase in total copper production to 110.2 kt compared with 101.6 kt in 2018. Copper production was therefore at the mid-point of guidance of 105-115 kt.

Gold production of 144.8 koz rose by 13% compared with 2018, supported by higher average gold grades and improved recovery rates. Gold production was in excess of guidance of 130-140 koz. Silver production also increased from 666 koz in 2018 to 803 koz in 2019, ahead of guidance of approximately 700 koz, due to higher processed grades.

The majority of copper production was dispatched as concentrate to customers in China, with 13.6 kt of copper in concentrate sent for toll processing at the Balkhash smelter in Kazakhstan, where spare capacity on attractive terms was available.

Copper production in 2020 is expected to be 110-120 kt with by-products of gold and silver guided at 140-150 koz and 700 koz respectively. Both the sulphide and clay plants are planned to operate at full design capacity, with a slight increase in copper grade forecast.

Financial summary

$ million (unless otherwise stated)	**2019**	2018
Revenues	**851**	756
Copper	**601**	596
Gold	**234**	144
Silver	**13**	11
Other	**3**	5
Sales volumes		
Copper sales (kt)	**107**	102
Gold sales (koz)	**165**	115
Silver sales (koz)	**772**	724
EBITDA	**585**	520
Operating profit	**427**	361
Gross cash costs (USc/lb)	**137**	129
Net cash costs (USc/lb)	**31**	58
Capital expenditure	**92**	29
Sustaining	**55**	24
Expansionary	**37**	5

Revenues

Revenues increased by $95 million to $851 million in 2019 and benefited from higher sales volumes for all products compared with 2018, as well as higher realised gold and silver prices. Copper revenues were broadly in line with the prior year, as the positive impact of increased sales volumes was offset by a lower realised price. Copper sales include 10 kt of copper cathode produced from concentrate processed at the Balkhash smelter. Gold sales volumes of 165 koz were significantly higher than production, benefiting from the sale of 25.6 koz of gold bar inventory accumulated at the end of 2018. Gold revenues increased by 62% to $234 million due to the higher sales volumes combined with an increase in the average LBMA price of gold from $1,268/oz in 2018 to $1,393/oz in 2019.

EBITDA

Bozshakol contributed $585 million of EBITDA, an increase of $65 million compared with 2018 as higher revenues were partially offset by a rise in operating costs. The mine generated a strong EBITDA margin of 69%, consistent with 2018.

Bozshakol's gross cash cost of 137 USc/lb increased from 129 USc/lb in 2018. The reported figure of 137 USc/lb includes charges associated with the sale of 25.6 koz of gold bar inventory brought forward from 2018. The production costs associated with the sale of this material increased gross cash costs by around 5 USc/lb. The 2019 gross cash cost was towards the lower end of the guidance range of 130-150 USc/lb, due to a reduction in the consumption of consumables and a weaker KZT/USD exchange rate. These beneficial factors were partially offset by higher mill relining expenses and some cost inflation, which included local salaries.

The net cash cost at Bozshakol, after deducting by-product credits, was 31 USc/lb. This cash cost incorporates the sale of gold bar inventory brought forward from 2018 which benefited net cash costs by 9 USc/lb. This represents an improvement on the prior year, a result of favourable gold prices and strong gold production in 2019.

The gross cash cost for 2020 is forecast to be 130-150 USc/lb, consistent with the guidance for 2019, as the benefit of increased forecast grades and production is offset by higher costs associated with the maturing mine, including a deeper pit, longer haulage distances and further maintenance costs.

Operating profit

Operating profit rose by $66 million to $427 million during 2019, in line with the increase in EBITDA.

Capital expenditure

Sustaining capital expenditure was $55 million during 2019, an increase in comparison to 2018 when the maintenance requirements were lower due to the earlier stage of the operations. Expenditure during the year was mainly associated with the purchase and overhaul of mining equipment as well as construction work to increase the storage capacity of the tailings facilities. In 2020 sustaining capital expenditure is expected to be approximately $60 million, reflecting the higher levels of maintenance required as the operations mature and further tailings work. Going forward average annual sustaining capital expenditure is expected to be in the region of $50 million per annum, incorporating periodic works to increase tailings storage capacity.

Expansionary capital expenditure of $37 million was incurred during the first half of the year, primarily on final retention payments made to contractors for work performed in previous periods.

EAST REGION AND BOZYMCHAK

The Group owns and operates three polymetallic underground mines and associated concentrators in the East Region of Kazakhstan and Bozymchak, a copper and gold open pit mine in Kyrgyzstan.

Production summary

Copper

kt (unless otherwise stated)	**2019**	2018
Ore extraction	**3,879**	3,892
Ore processed	**3,791**	4,030
Average copper grade processed (%)	**1.71**	1.81
Average recovery rate (%)	**90**	90
Copper in concentrate	**58.7**	65.3
Copper production	**55.5**	61.7

Copper production in the East Region and Bozymchak of 55.5 kt was in line with market guidance of around 55 kt, and represents a 6.2 kt (10%) reduction from the prior year. The volume of ore processed was consistent with ore extraction, but decreased by 6% to 3,791 kt as the prior year benefited from the processing of stockpiles. Average copper grades processed in 2019 reduced to 1.71%, mainly a result of lower grades at Orlovsky where difficult geological conditions prevented access to higher grade zones. The Bozymchak concentrator operated at full capacity throughout the year, contributing 7.0 kt of copper production.

Following a strategic review, the Belousovsky concentrator was closed on 25 October 2019 to improve operational efficiency. Ore extracted from the Irtyshsky mine was subsequently transported to the Nikolayevsky concentrator for processing, making use of available capacity. The Belousovsky concentrator has since been disposed of.

At Artemyevsky, grades and processing volumes will remain at around current levels, until extraction commences from the second ore body, which is expected from 2022. Production from Orlovsky over the remaining life of the mine is expected to be at or below current output, as mining takes place in deeper horizons and more challenging geological conditions. Copper production from the East Region and Bozymchak is therefore expected to decrease to approximately 50 kt in 2020.

By-products

kt (unless otherwise stated)	**2019**	2018
Gold bearing ore processed	**3,791**	4,030
Gold grade processed (g/t)	**0.70**	0.73
Gold in concentrate (koz)	**57.1**	58.5
Gold production (koz)	**53.7**	55.0
Silver bearing ore processed	**3,791**	4,030
Silver grade processed (g/t)	**29.2**	33.4
Silver in concentrate (koz)	**2,223**	2,590
Silver production (koz)	**2,024**	2,356
Zinc bearing ore processed	**2,767**	3,028
Zinc grade processed (%)	**2.06**	2.42
Zinc in concentrate	**38.3**	49.7

Production levels for all by-products at the East Region and Bozymchak reduced in 2019. Zinc in concentrate output of 38.3 kt was below the guidance of 40-45 kt, impacted by lower than expected grades. The largest reduction was at the Orlovsky mine, which produced 11.6 kt in 2019 compared with 24.8 kt in the previous year. Zinc in concentrate output is similarly impacted by the factors affecting copper production at Orlovsky and Artemyevsky.

Full year gold production of 53.7 koz was in excess of the market guidance range of 45-50 koz and was marginally below the prior year. This was the result of a strong performance from the Bozymchak mine, which contributes the majority of gold production (40.8 koz, 2018: 39.7 koz) and where grades were higher than expected.

Silver production of 2,024 koz was 12% ahead of market guidance of 1,800 koz. 2019 output reduced by 332 koz compared with the prior year as a result of a reduction in silver grades processed, mainly at Orlovsky.

East Region and Bozymchak is forecast to produce 40-50 koz of gold and approximately 1,800 koz of silver in 2020, below the levels achieved in 2019 but consistent with the reduction in copper volumes. Zinc in concentrate production is expected to be around 40 kt.

Financial summary

$ million (unless otherwise stated)	**2019**	2018
Revenues	**552**	631
Copper	**374**	417
Gold	**80**	68
Silver	**36**	37
Zinc	**58**	101
Other	**4**	8
Sales volumes		
Copper sales (kt)	**62**	64
Gold sales (koz)	**57**	54
Silver sales (koz)	**2,211**	2,362
Zinc sales (kt)	**38**	50
EBITDA	**230**	284
Operating profit	**140**	165
Gross cash costs (USc/lb)	**234**	244
Net cash costs (USc/lb)	**104**	94
Capital expenditure	**98**	70
Sustaining	**42**	40
Expansionary	**56**	30

Revenues

Revenues in East Region and Bozymchak decreased by 13% in 2019 as a result of reduced sales of all products aside from gold, and lower average realised prices of copper and zinc. Copper sales volumes of 62 kt included the sale of finished goods inventory from the prior year and were above production of 55.5 kt. However, copper revenues were $43 million below 2018, mainly due to lower realised prices. Zinc revenues fell by $43 million due to a reduction in sales volumes and a lower market price for zinc. An increase in gold prices, combined with sale of stockpiled material, resulted in higher gold revenue of $80 million.

EBITDA

EBITDA in 2019 was $230 million, a $54 million decrease compared with 2018 which reflects the lower revenues, partially offset by a reduction in operating costs. Cash operating costs reduced by $25 million to $322 million, as a result of lower production volumes as well as favourable cost performance. Management took action to control costs during the year, including a rationalisation of concentrator capacity resulting in the closure of the Belousovsky concentrator, optimisation of shift schedules and transport routes, and a reduction in warehousing costs. Furthermore, operating costs in the East Region have a higher exposure to the tenge, which weakened by 11% (2019: average 383 KZT/USD, 2018: 345 KZT/USD). These beneficial factors more than offset local inflation on salaries and certain input costs. Gross cash cost performance was aided by the sale of 7 kt of finished goods copper inventory. As a result, the gross cash cost of copper for East Region and Bozymchak was 234 USc/lb, below the prior year and towards the bottom end of market guidance of 230-250 USc/lb.

Net cash costs rose to 104 USc/lb, despite the reduction in gross cash costs, due to the significant decrease in zinc revenues.

Gross cash costs for 2020 are estimated to increase to 260-280 USc/lb as sales volumes fall from 62 kt in 2019 to approximately 50 kt, a level consistent with planned production in 2020.

Operating profit

Operating profit of $140 million was $25 million lower than the prior year due to the reduction in EBITDA and the recognition of a $20 million impairment at Bozymchak in 2018.

Capital expenditure

Sustaining capital expenditure of $42 million was in line with the prior year and related primarily to mine development works in the underground mines, the expansion of tailings facilities and the purchase and overhaul of mining equipment. In 2020, the planned sustaining capital expenditure for East Region and Bozymchak is approximately $50 million, including some works deferred from 2019. This expenditure includes construction of a new in-pit tailings storage facility close to the Nikolayevsky concentrator which will reduce the Group's tailings footprint.

Expansionary capital expenditure of $56 million in 2019 was below the guidance of $70 million, as spend on the Artemyevsky extension and Bozymchak underground mine was partially deferred into 2020. 2019 expenditure was focused on the Artemyevsky development, where initial works on the ventilation shaft continued and surface fans were installed.

Approximately $75 million is expected to be incurred on expansionary capital expenditure in 2020. As previously guided, the Artemyevsky project is expected to require $60 million of expenditure per annum from 2020 to 2023, with limited spend thereafter. Initial works at the project in 2020 will include sinking shafts, commencing underground construction and capital mining works. Over the period from 2020 to 2024 a further $15 million per annum will be required for the development of the underground phase at Bozymchak, which will extend the mine life.

Baimskaya

During 2019 the Group progressed the bankable feasibility study for the Baimskaya copper project and commenced pioneer works at the site, incurring $111 million of capital expenditure during the year against guidance of $150 million. The bankable feasibility study is scheduled for completion in the first half of 2020. Capital expenditure of $150 million has been approved at Baimskaya in 2020 to complete the bankable feasibility study and continue pioneer works. The Group is evaluating whether to make additional equipment deliveries to Pevek in the 2020 shipping window and may consider approving additional capital expenditure later in the year.

Other projects

Following the $70 million investment in the Koksay project by NFC, study works began in the second half of 2019 with $5 million of capital expenditure incurred during the year. A feasibility study to determine the detailed design for mining and processing operations and the associated capital budget will be carried out in 2020. This will be reviewed by the Board before assessing how and when to proceed with the project. Approximately $20 million will be spent on Koksay and other minor projects during the year.

FINANCIAL REVIEW

Basis of preparation

The financial information has been prepared in accordance with IFRSs, as adopted by the EU, using accounting policies consistent with those adopted in the condensed consolidated financial statements for the year ended 31 December 2019, including the application of IFRS 16 '*Leases*' and '*Borrowing Costs Eligible for Capitalisation (Amendments to IAS 23)*' which were applicable from 1 January 2019. As the impact of IFRS 16 was not material to the Group, it was applied without the restatement of comparative information and there was no impact on retained earnings at 1 January 2019. The amendment to IAS 23 was applied prospectively from 1 January 2019. Further details are provided in the notes to the condensed consolidated financial statements on page 33.

Income statement

An analysis of the consolidated income statement is shown below:

$ million (unless otherwise stated)	**2019**	2018
Revenues	**2,266**	2,162
Cash operating costs	**(911)**	(852)
EBITDA[1]	**1,355**	1,310
Less: MET and royalties	**(196)**	(200)
Less: depreciation, depletion and amortisation	**(236)**	(239)
Less: special items	**–**	(20)
Operating profit	**923**	851
Net finance costs	**(197)**	(209)
Profit before tax	**726**	642
Income tax expense	**(155)**	(132)
Profit for the year	**571**	510
Non-controlling interests	**–**	–
Profit attributable to equity holders of the Company	**571**	510
Earnings per share attributable to equity holders of the Company		
EPS based on Underlying Profit[1] – basic ($)	**1.21**	1.18
EPS based on Underlying Profit[1] – diluted ($)	**1.17**	1.18

1 APMs are used to assess the performance of the Group and are not defined or specified under IFRS. For further information on APMs, including justification for their use, please refer to the APMs section on page 54.

Revenues

Revenues for 2019 were $2,266 million, an increase of $104 million from the prior year, principally due to higher copper and gold volumes which more than offset lower copper prices. The increase in copper sales volumes of 21 kt, mainly from strong production at Aktogay, contributed additional revenues of $118 million. Incremental by-product volumes added revenues of $53 million, as increased gold sales from higher production and the sale of gold bar inventory brought forward from 2018 at Bozshakol was partially offset by lower zinc volumes.

The increase in sales volumes more than offset the negative impact of lower realised copper prices (-$71 million) as the average LME price fell from $6,526/t in 2018 to $6,000/t in 2019. By-product prices benefited revenues by $4 million, as the average market price for gold (+10%) was offset by lower zinc prices (-13%).

$ million	
Revenues - year ended 31 December 2018	2,162
Copper volumes[1]	**118**
By-product volumes[1]	**53**
Copper prices[2]	**(71)**
By-product prices[2]	**4**
Revenues - year ended 31 December 2019	**2,266**

1 Change in sales volumes at current year realised prices.
2 Change in realised prices applied to prior year sales volumes.

Further information on revenues by operating segment can be found in the Operating review. Additional information on revenues and related credit risk management policies can be found in note 4(b) to the condensed consolidated financial statements.

Operating profit and EBITDA

Operating profit for 2019 was $923 million, an increase of $72 million versus the prior year, benefiting from the higher sales volumes. The Group's operating profit margin, measured as operating profit divided by revenues, increased to 41% from 39% in 2018 due to the absence of exceptional impairment charges in the current year and as operating costs benefited from the weaker average tenge exchange rate, offsetting the impact of lower commodity prices and higher administrative expenses. The tenge traded at an average of 383 KZT/$ in 2019, whilst recording an average of 345 KZT/$ in the prior year.

EBITDA for the Group of $1,355 million was $45 million above the prior year, with increased copper and by-product volumes contributing $79 million and $53 million respectively. The favourable impact of higher volumes was partially offset by lower copper prices, which reduced revenues by $71 million. In addition, there was a $20 million reduction in EBITDA due to higher cash operating costs, largely attributable to Aktogay and Bozshakol which had previously benefited from lower maintenance costs in the early years of operations, and additional social expenditure costs. The Group's EBITDA margin decreased slightly from 61% in 2018 to 60% in 2019.

$ million	
EBITDA - year ended 31 December 2018	1,310
Copper volumes[1]	**79**
By-product volumes[1]	**53**
Cost impact[2]	**(20)**
Copper prices[3]	**(71)**
By-product prices[3]	**4**
EBITDA - year ended 31 December 2019	**1,355**

1 Change in sales volumes at current year margin.
2 Net change in cash costs per tonne.
3 Change in realised prices applied to prior year sales volumes.

Please refer to the Operating review for a detailed analysis of EBITDA by operating segment.

Items excluded from EBITDA

The MET and royalties charge in the income statement was $196 million in 2019, below the $200 million recorded in 2018 due to lower commodity prices which offset higher levels of extraction. The total MET and royalties incurred was $214 million (2018: $207 million), which additionally includes MET in unsold inventories on the balance sheet.

Depreciation, depletion and amortisation in 2019 of $236 million was lower than the $239 million incurred in 2018. The additional depreciation associated with the increase in property, plant and equipment was offset by the impact of the weaker average tenge during the year.

The prior year included a $20 million impairment in respect of Bozymchak arising from the non-recovery of VAT incurred during construction of the plant, which was expensed as a special item.

Net finance costs

Net finance costs include:

$ million	**2019**	2018
Interest income	**18**	33
Total interest incurred	**(226)**	(240)
Interest capitalised	**37**	4
Interest expense	**(189)**	(236)
Other finance costs	**(26)**	(6)
Net finance costs	**(197)**	(209)

Net finance costs of $197 million were $12 million lower than the prior year. Total interest incurred of $226 million reduced by $14 million as the average level of debt during the year reduced following scheduled repayments. This was partially offset by the impact of higher US dollar LIBOR rates.

Capitalised interest of $37 million in 2019 related to financing costs incurred on the DBK-Aktogay expansion facility and the use of the Group's general borrowings to fund the Aktogay expansion and Baimskaya capital projects and other qualifying assets (see note 8 on page 44).

Included within other finance costs are net exchange losses of $20 million (2018: net exchange gains of $3 million), which arose from a year-on-year appreciation of the tenge at 31 December 2019 compared with 31 December 2018, despite the tenge being on average weaker during 2019 than the prior year. This resulted in a non-cash foreign exchange loss on tenge denominated intercompany balances which was largely offset by translation gains recognised within equity.

Taxation

The table below shows the Group's effective tax rate as well as the all-in effective tax rate which takes into account the impact of MET and removes the effect of special items (as applicable) on the Group's tax charge.

$ million (unless otherwise stated)	2019	2018
Profit before tax	**726**	642
Add: MET and royalties	**196**	200
Add: special items	**–**	20
Adjusted profit before tax	**922**	862
Income tax expense	**155**	132
Add: MET and royalties	**196**	200
Adjusted tax expense	**351**	332
Effective tax rate (%)	**21**	21
All-in effective tax rate[1] (%)	**38**	39

1 The all-in effective tax rate is calculated as the income tax expense plus MET and royalties less the tax effect of special items and other non-recurring items, divided by profit before taxation which is adjusted for MET and royalties and special items. The all-in effective tax rate is considered to be a more representative tax rate on the recurring profits of the Group.

The effective tax rate in 2019 was 21%, in line with the prior year. The all-in effective tax rate decreased marginally to 38% versus the prior year mainly due to a lower MET and royalties charge. As MET is determined independently of the profitability of operations, in periods of higher profitability the all-in effective tax rate decreases as the impact of MET and royalties is lower. Conversely, during periods of lower profitability, the MET and royalties impact on the all-in effective tax rate is elevated.

Profit attributable to equity holders of the Company and Underlying Profit

A reconciliation of Underlying Profit and profit attributable to equity holders of the Company to EPS and EPS based on Underlying Profit is set out below:

$ million (unless otherwise stated)	2019	2018
Profit attributable to equity holders of the Company	**571**	510
Special items within operating profit, net of tax – note 7	**–**	20
Underlying Profit[1]	**571**	530
Weighted average number of shares in issue (million) – basic	**470**	447
Potential dilutive ordinary shares, weighted for the period outstanding (million)	**20**	–
Weighted average number of shares in issue (million) – diluted	**490**	447
Ordinary EPS – basic ($)	**1.21**	1.14
Ordinary EPS – diluted ($)	**1.17**	1.14
EPS based on Underlying Profit[1] – basic ($)	**1.21**	1.18
EPS based on Underlying Profit[1] – diluted ($)	**1.17**	1.18

1 APMs are used to assess the performance of the Group and are not defined or specified under IFRS. For further information on APMs, including justification for their use, please refer to the APMs section on page 54.

The Group's profit attributable to equity holders of the Company was $571 million in 2019 compared with $510 million in the prior year, largely attributable to the increase in the Group's sales volumes.

EPS and EPS based on Underlying Profit

Basic EPS of $1.21 increased from $1.14 in 2018 due to the increase in earnings, partially offset by the increase in the weighted average number of ordinary shares in issue following the acquisition of the Baimskaya copper project in January 2019, which was partly settled with new ordinary shares (see note 5(a) on page 43). Diluted EPS of $1.17 reported in the current year takes into account the ordinary shares expected to be issued to settle the Deferred Consideration arising on the acquisition of the Baimskaya copper project (see note 10 on page 46), which were weighted over the period they were outstanding, from acquisition on 22 January 2019 to 31 December 2019. Underlying Profit of $571 million was $41 million higher than the prior year and no special items were included within operating profit (2018: $20 million).

Dividends

KAZ Minerals PLC, the parent company of the Group, is a non-trading investment holding company and derives its profits from dividends paid by subsidiary companies.

The Group's dividend policy, established at the time of Listing, is for the Board to consider the cash generation and financing requirements of the business before recommending a suitable dividend. This maintains flexibility, which is appropriate given the underlying cyclicality of a commodity business and the Group's growth ambitions.

In October 2019, the Company paid an interim dividend of 4.0 US cents per share equating to an interim payment of $19 million. The Board has recommended a final dividend for 2019 of 8.0 US cents per share, equivalent to a payment of $38 million, recognising the Group's strong operational and financial performance and its continued investment in growth at Aktogay and Baimskaya. Combined with the interim dividend of 4.0 US cents per share, the dividend in respect of the 2019 financial year is 12.0 US cents per share.

The financing requirements of the Baimskaya copper project will be assessed during the feasibility study, following which the Board will further review the Group's allocation of capital.

The final dividend of $28 million in respect of the year ended 31 December 2018 was paid on 17 May 2019.

The distributable reserves of KAZ Minerals PLC at 31 December 2019 were $1,367 million.

Cash flows and movement in net debt

The summary of cash flows below is prepared on a basis consistent with internal management reporting.

$ million	**2019**	2018
EBITDA[1]	**1,355**	1,310
Change in working capital	**(282)**	(115)
Interest paid	**(230)**	(229)
MET and royalties paid	**(206)**	(208)
Income tax paid	**(92)**	(95)
Foreign exchange and other movements	**8**	7
Sustaining capital expenditure	**(142)**	(85)
Free Cash Flow[1]	**411**	585
Expansionary and new project capital expenditure	**(718)**	(530)
Acquisition of Baimskaya copper project, net of cash acquired	**(435)**	–
Net VAT (paid)/received associated with major growth projects	**(41)**	3
Interest received	**20**	32
Dividends paid	**(47)**	(27)
Other investments	**45**	10
Other movements	**(3)**	(3)
Cash flow movement in net debt	**(768)**	70
Net debt[1] at the beginning of the year	**(1,986)**	(2,056)
Other non-cash movements	**(5)**	–
Net debt[1] at the end of the year	**(2,759)**	(1,986)
Represented by:		
Cash and cash equivalents and current investments	**541**	1,469
Less: restricted cash	**–**	(2)
Borrowings	**(3,300)**	(3,453)
Net debt[1] at the end of the year	**(2,759)**	(1,986)

[1] APMs are used to assess the performance of the Group and are not defined or specified under IFRS. For further information on APMs, including justification for their use, please refer to the APMs section on page 54.

Summary

Net debt increased from $1,986 million at 31 December 2018 to $2,759 million at 31 December 2019 as Free Cash Flow from operations was more than offset by investment in the Group's growth projects. Cash consideration of $436 million was paid in respect of the Baimskaya copper project acquisition. Expansionary capital expenditure of $718 million was incurred, an increase of $188 million over the prior year, mainly on the Aktogay expansion project and the feasibility study and pioneer works at Baimskaya.

Free Cash Flow of $411 million reduced by $174 million from the prior year, as the increase in EBITDA was more than offset by higher working capital (see working capital section below) and sustaining capital expenditure. The increase in sustaining capital represents a normalisation of expenditure, as Aktogay and Bozshakol had benefited from lower maintenance requirements in prior years as the operations were newer.

Working capital

The summary of movements in working capital is outlined below:

$ million	2019	2018
Change in inventories[1]	**(128)**	(138)
Change in prepayments and other current assets[2]	**(72)**	(30)
Change in trade and other receivables	**(51)**	4
Change in trade and other payables and provisions[3]	**(31)**	49
Movement in working capital	**(282)**	(115)

1 The $161 million increase in inventory shown in the IFRS based cash flow statement (see note 17(a)) includes MET and depreciation, which are excluded from the cash flow above as MET paid is reflected separately and EBITDA is stated before depreciation and amortisation.
2 The $113 million increase in prepayments and other current assets shown in the IFRS based cash flow statement (see note 17(a)) includes net VAT paid on the major growth projects. The cash flow above contains net VAT (paid)/received associated with major growth projects as a separate line item.
3 The difference to trade and other payables shown in the IFRS based cash flow statement (see note 17(a)) is the change in MET and royalties payable during 2019. The cash flow above contains MET and royalties paid as a separate line item.

The cash impact of inventory changes in 2019 was $128 million (2018: $138 million), largely due to the acquisition of consumables and spare parts to support the Aktogay and Bozshakol operations. The Group's priority for 2019 was to ensure that the main sulphide concentrators at these sites operated at full design capacity throughout the year, hence a conservative approach to the stocking of such items was taken. It is expected that over time inventory requirements will reduce as the Group develops better data on consumption and wear rates, works with suppliers to shorten lead times and as the Group's shared spares strategy develops further. An outflow of $44 million in respect of ore stockpiles and work-in-progress at Aktogay and Bozshakol was also included in change in inventories, mainly related to the stockpiling of low grade sulphide ore at Aktogay (to access high grade areas and in preparation for the Aktogay expansion) and clay ore at Bozshakol. From 2020 it is expected that the amount of clay ore processed at Bozshakol from stockpiles will exceed mined volumes.

Prepayments and other current assets rose by $72 million (2018: $30 million) mainly due to an increase in VAT receivable at the Aktogay, Bozshakol and East Region operations. There was also an increase in VAT receivable relating to major growth projects of $41 million (2018: decrease of $3 million) which is shown separately in the table above and excluded from Free Cash Flow (see APMs section on page 54). The increase in VAT receivable was partly due to higher capital expenditure but was mainly the result of a delay in the receipt of VAT refunds in the second half of 2019. VAT is being received in 2020 through a combination of offset and refund.

Trade and other receivables increased by $51 million (2018: decreased by $4 million) which reflects the timing of sales and cash receipts. In addition, provisionally priced trade receivables are marked to market at year end contributing a $19 million increase at 31 December 2019 compared with the prior year due to higher forward prices. The Group's higher sales volumes in 2019 have also resulted in an increase in the normal level of trade receivables. Further details relating to the nature of Group's customers are given in note 4(b) to the condensed consolidated financial statements.

Trade and other payables and provisions decreased by $31 million (2018: $49 million increase) due to a reduction in customer receipts in advance of product deliveries compared to 31 December 2018. At the end of 2018, the Group had received advance payment for the dispatch of copper concentrate to European markets which was subsequently recognised as revenue in 2019.

Interest cash flows

Interest paid of $230 million was consistent with the prior year. Interest paid is higher than total interest incurred during the year of $226 million, which led to a reduction in the interest payable from $71 million at 31 December 2018 to $61 million at 31 December 2019.

Income taxes and MET

Income tax payments decreased to $92 million (2018: $95 million) despite the higher profit before tax generated, as $11 million of income tax payments due were offset against VAT refunds in the second half of 2019. Income tax payments were also below the income statement charge of $155 million (2018: $132 million) due to capital allowances and utilisation of available tax losses.

MET and royalties payments of $206 million were consistent with the prior year (2018: $208 million). At 31 December 2019, MET and royalties payable was $56 million compared with $48 million at 31 December 2018 following the increase in total MET and royalties incurred.

Capital expenditure

Sustaining capital expenditure increased to $142 million in 2019 from $85 million in the prior year, primarily due to higher maintenance spend at Aktogay and Bozshakol.

Expansionary and new project expenditure of $718 million in 2019 primarily relates to the Aktogay expansion project ($459 million). The first Aktogay and Bozshakol projects also incurred expenditure of $50 million and $37 million respectively, mainly for final retention payments, and the heap leach pad expansion at Aktogay. Following the acquisition of Baimskaya, the Group invested $111 million in the feasibility study and initial pioneer works. In addition, there was capital investment at East Region and Bozymchak of $56 million, mainly relating to the Artemyevsky expansion, and $5 million for the Koksay project. Please refer to the Operating review for an analysis of the Group's capital expenditure by operating segment.

Acquisition of the Baimskaya copper project

On 22 January 2019, the Group announced the Initial Completion of the acquisition of the Baimskaya copper project in the Chukotka region of Russia. The consideration due at Initial Completion was $675 million made up of $436 million in cash and 22.3 million new KAZ Minerals shares valued at $239 million, which were allotted to the Vendor. The Initial Cash Consideration of $436 million was settled during the first half of 2019, partly offset by $1 million of cash and cash equivalents on acquisition (see note 5(a) on page 43).

The 22.3 million shares are subject to a three-year lock-up period ending on the third anniversary of Initial Completion. Deferred Consideration of $225 million for the remaining interest is payable in 21.0 million shares, subject to the achievement of certain Project Delivery Conditions, including a pre-determined level of throughput and development of infrastructure by the Russian state. To the extent these conditions are not met or waived by the Group and therefore not settled in shares, the Deferred Consideration will become payable in cash on 31 March 2029.

The Initial Consideration of 22.3 million KAZ Minerals PLC shares valued at $239 million has been recognised as an increase in share capital of around $6 million and share premium of $233 million. The Deferred Consideration of $225 million has also been included within equity (see note 13(c)(iii) on page 48), representing the Group's ability to settle this amount through the issue of 21.0 million shares.

The total consideration for the acquisition was $900 million, of which around $880 million has been reflected as a mining licence within mining assets, $13 million in net deferred tax assets and $7 million relating to other non-current assets, income taxes prepaid and cash and cash equivalents (see note 5(a) on page 43).

Other investments

In 2019, other investing cash flows relates to the receipt of the remaining $45 million consideration in respect of NFC's equity investment in Koksay for $70 million, as announced in June 2018 (see note 5(b) on page 43). In 2018, other investing cash flows included the receipt of $25 million advance consideration in respect of NFC's equity investment in Koksay and $15 million of advances paid to fund studies on the Baimskaya copper project.

Movements in equity

Equity attributable to owners of the Company at 31 December 2019 was $2,115 million (2018: $1,050 million), with the increase of $1,065 million mainly due to Underlying Profit in 2019 of $571 million, the shares issued and Deferred Consideration for the Baimskaya acquisition of $464 million (see note 5(a) on page 43), partly offset by dividends paid of $47 million during 2019. There was also a $65 million increase in the US dollar value of the Group's foreign currency operations following a 1% increase in the value of the tenge from 31 December 2018 to 31 December 2019. The Group's mining assets are largely held within Kazakhstan-based entities which maintain the tenge as their functional currency. At the year end, non-monetary net assets are consolidated and reported in US dollars at the closing exchange rate with the change in value arising from movements in the tenge exchange rate reflected in equity and not through the income statement. The Group's external liabilities, principally bank debt, are mainly US dollar denominated and are not affected by movements in the KZT/$ exchange rate.

Movements in borrowings

On 14 June 2019, the Group signed a new $600 million credit facility agreement with DBK relating to the Aktogay expansion project. The facility accrues interest at US$ LIBOR plus 3.90%, with the first repayment due in June 2022, followed by semi-annual repayments in May and November of each year from November 2022 until the final repayment in 2034. $315 million (net of arrangement fees) was drawn by 31 December 2019. The facility is guaranteed by KAZ Minerals PLC.

On 15 November 2019, the Group signed a new credit facility of up to $100 million with CAT. The facility accrues interest at a variable margin of between 3.00% and 4.50% above US$ LIBOR, dependent on the ratio of net debt to EBITDA which will be tested semi-annually. It is comprised of two sub-facilities of $40 million and $60 million secured against existing and new Caterpillar equipment. Quarterly repayments for the existing drawing will commence in December 2020 until final maturity in 2024. $72 million (net of arrangement fees) was drawn by 31 December 2019. The facility is guaranteed by KAZ Minerals PLC.

At 31 December 2019, borrowings (net of unamortised fees) were $3,300 million, a decrease of $153 million from 31 December 2018 as a result of the movements set out in the table below:

$ million	At 1 January 2019	Drawings[1]	Repayments	Other movements[2]	**At 31 December 2019**
CDB-Bozshakol and Bozymchak	1,345	**–**	**(183)**	**3**	**1,165**
CDB-Aktogay CNY facility	110	**–**	**(12)**	**(1)**	**97**
CDB-Aktogay USD facility	1,221	**–**	**(107)**	**3**	**1,117**
PXF facility	500	**–**	**(200)**	**–**	**300**
DBK-Aktogay facility	277	**–**	**(43)**	**–**	**234**
DBK-Aktogay expansion facility	–	**315**	**–**	**–**	**315**
CAT facility	–	**72**	**–**	**–**	**72**
Total	3,453	**387**	**(545)**	**5**	**3,300**

$ million	At 1 January 2018	Drawings[1]	Repayments	Other movements[2]	At 31 December 2018
CDB-Bozshakol and Bozymchak	1,524	–	(183)	4	1,345
CDB-Aktogay CNY facility	128	–	(12)	(6)	110
CDB-Aktogay USD facility	1,327	–	(107)	1	1,221
PXF facility	600	–	(100)	–	500
DBK-Aktogay facility	298	–	(22)	1	277
Total	3,877	–	(424)	–	3,453

1 Drawings are shown net of arrangement fees, which are netted off against borrowings in accordance with IFRS 9.
2 Other movements include non-cash amortisation of fees on borrowings and foreign exchange gains on the CDB-Aktogay CNY facility.

On 28 January 2020, the Group completed an amendment and extension of the PXF which includes an increase in facility commitments to $1.0 billion, an extension of the loan tenor and a reduction in the facility margin. The amendment represents a net increase of $700 million above the $300 million outstanding under the existing facility and the maturity profile is extended by 3.5 years, from June 2021 until December 2024 with two annual extension options which, if exercised, would extend final maturity of the facility to December 2025 or December 2026 respectively. The amended facility accrues interest at a variable margin of between 2.25% and 3.50% above US$ LIBOR (previously between 3.00% and 4.50% above US$ LIBOR), dependent on the ratio of net debt to EBITDA which will be tested semi-annually. Monthly repayments will commence in January 2021, with a final balloon repayment of one-third of the facility amount ($333 million) in December 2024, which will be amortised during 2025 and 2026 if the extension options are exercised. The Group expects to fully draw the facility in the first quarter of 2020.

Further details of the terms of the Group's borrowings are included in note 15 of the condensed consolidated financial statements.

Going concern

The Group manages liquidity risk by maintaining adequate committed borrowing facilities and working capital funds. The Board monitors the net debt level and liquidity position of the Group taking into consideration the expected outlook of the Group's financial position, cash flows, future capital expenditure and debt service requirements.

The Board is satisfied that the Group's forecasts, taking into account reasonably possible downside scenarios, show that the Group has adequate liquidity to continue in operational existence for the foreseeable future. Accordingly, it is appropriate to adopt the going concern basis of accounting in the preparation of these condensed consolidated financial statements.

PRINCIPAL RISKS

The Group's principal risks are set out below, together with mitigating actions. There may be other risks, unknown or currently considered immaterial, which could become material. The risks set out below are not in order of likelihood of occurrence or materiality and should be viewed, as with any forward-looking statements in this document, with regard to the cautionary statement on page 3.

SUSTAINABILITY RISKS

Health and safety

Impact

Mining is a hazardous industry. Health and safety incidents could result in harm to people, as well as production disruption, financial loss and reputational damage.

The Group is in a period of construction activity, increasing potential health and safety exposures.

Mitigation

The Group's goal is for zero fatalities and to seek to minimise health and safety incidents. Policies and procedures are designed to identify and monitor risks and provide a clear framework for conducting business. This is supported by regular training and awareness campaigns for employees and contractors.

In June 2019 the Group began its 'Goal Zero' initiative, which aims to provide safe working conditions for all employees of the Group. 'Goal Zero' covers industrial safety, occupational safety and environmental protection.

The HSS Committee reviews and monitors associated risks across the Group.

Community and labour relations

Impact

The Group operates in areas where it is a major employer, where employees are represented by labour unions and where it may provide support to the local community. This may impose restrictions on the Group's flexibility in taking certain operating decisions. Failure to identify and manage the concerns and expectations of local communities and the labour force could affect the Group's reputation and social licence to operate and could result in production disruptions and increases in operating costs. Wage negotiations could be impacted by higher commodity prices, higher domestic inflation or the continued weakness of the tenge.

Mitigation

The Group engages with community representatives, unions and employees and aims to address concerns raised by different stakeholders. Through responsible behaviour, acting transparently, promoting dialogue and fulfilling its commitments, the Group minimises potentially negative impacts. Aktogay and Bozshakol are in remote locations where the community relations risk is reduced. As part of the initial development of Baimskaya the Group has met with community representatives in the Chukotka region to understand local issues and commence a dialogue.

Employees

Impact

The Group is dependent on its ability to attract and retain highly skilled personnel. Failure to do so could have a negative impact on operations or the successful implementation of growth projects and result in higher operating costs to recruit required staff. The remote location of some operations increases this challenge.

The Group will be entering a period of increased recruitment to staff the operational phase of the Aktogay expansion, and relating to the potential development of Baimskaya.

Mitigation

The Group actively monitors the labour market to remain competitive in the hiring of staff and provides remuneration structures and development opportunities to attract and retain key employees. Key positions are identified at all locations, and training and succession plans developed. A leadership development programme is in place to provide a talent pipeline of national workers for key positions and aid retention.

International workers with appropriate expertise assist during the initial phase of operations.

Environmental

Impact

Mining operations involve the use of toxic substances and require the storage of large volumes of waste materials in tailings dams, which could result in spillages, loss of life and significant environmental damage. The Group is subject to environmental laws and regulations which are continually developing, including those to tackle climate change. Failure to comply with applicable laws could lead to the suspension of operating licences, the imposition of financial penalties or costly compliance costs and reputational damage.

Environmental practices face additional scrutiny as societal expectations around responsible investing evolve. This could impact the Group's operations or access to capital.

Mitigation

Policies and procedures are in place to set out required operating standards and to monitor environmental impacts. The Group liaises with relevant governmental bodies on environmental matters, including legislation changes.

During 2019 the Group completed the closure of the Yubileyno-Snegirikhinsky mine and implemented water conservation initiatives which resulted in a decrease in the Group's water intensity per tonne of ore processed from 0.62 m^3/t in 2018 to 0.38 m^3/t in 2019. The Group's CO_2 per tonne of ore processed reduced by 4% in 2019 compared with 2018.

OPERATIONAL RISKS

Business interruption

Impact

Operations are subject to a number of risks not wholly within the Group's control, including: geological and technological challenges; weather, pandemic disease or other natural phenomena; damage to or failure of equipment and infrastructure; information technology and cyber risks; loss or interruption to key inputs such as electricity and water; and the availability of key supplies and services, including the Balkhash smelter.

Any disruption could impact production, may require the Group to incur unplanned expenditure and negatively impact cash flows.

Mitigation

In-house and third-party specialists are utilised to identify and manage operational risks and to recommend improvements. Equipment and facilities are maintained appropriately and regularly inspected. Property damage and business interruption insurance programmes provide some protection from major incidents.

Should a significant outage occur at the Balkhash smelter the Group believes it could sell concentrate directly to other customers.

New projects and commissioning

Impact

Projects may fail to achieve the desired economic returns due to an inability to recover mineral resources, design or construction deficiencies, a failure to achieve expected operating parameters or because of capital or operating costs being higher than expected. Failure to manage new projects effectively or a lack of available financing may prevent or delay completion of projects.

There are various project risks associated with the successful development of the Baimskaya copper project, including its remote location, the delivery of government support for infrastructure, obtaining certain tax incentives and the local weather conditions.

Mitigation

New projects are subject to rigorous assessment prior to approval including feasibility or technical studies and capital appraisal. Specialists are utilised throughout the life cycle of projects. Project management and capital expenditure planning and monitoring procedures are in place to review performance against milestones and budgets. This includes the Projects Assurance Committee which reports to the Board.

In relation to the Baimskaya copper project, an international standard pre-feasibility study has been performed by Fluor and the mine plan is based on a JORC resource. The Group is progressing a full bankable feasibility study to determine the detailed design of the mine and the associated capital cost.

Further details of the major growth projects are included in the Operating review.

Reserves and resources

Impact

The Group's ore reserves are in part based on an estimation method established by the former Soviet Union. There are numerous uncertainties inherent in estimating ore reserves, which if changed, could require the need to restate ore reserves and impact the economic viability of affected operations and development projects.

Mitigation

The Group's ore reserves and mineral resources are published annually in accordance with the criteria of the JORC Code and reviewed by a Competent Person. This includes mine site visits where considered appropriate and the conversion from the former Soviet Union estimation to that prescribed by the JORC Code. Drilling and exploration programmes are conducted to enhance the understanding of geological information.

Political

Impact

The Group could be affected by political instability or social and economic changes in the countries in which it operates. This could include a change in government, the granting and renewal of permits and changes to foreign trade or legislation that could affect the business environment and negatively impact the Group's business, financial performance and licence to operate.

Further international sanctions on Russia could impact the development of Baimskaya, as well as the supply of certain goods and services to the Group's existing operations.

Mitigation

A proactive dialogue is maintained with KAZ Minerals' host governments across a range of issues. Developments are monitored closely and lobbying is conducted where appropriate.

Kazakhstan remains one of the most politically stable and economically developed countries in Central Asia. During 2019, Nursultan Nazarbayev was succeeded by Kassym-Jomart Tokayev as President of Kazakhstan. The Board continues to view the political, social and economic environment within Kazakhstan favourably.

In Russia, the Group maintains an ongoing dialogue with the government and key stakeholders. The Baimskaya acquisition was structured with Deferred Consideration to incentivise the Vendor, as a local partner, to assist in the delivery of the project.

Legal and regulatory compliance

Impact

The Group is subject to various legal and regulatory requirements across all of its jurisdictions including subsoil usage rights in Kazakhstan, Kyrgyzstan and Russia and UK governance rules including related party transactions and anti-bribery and corruption. Legislation and taxation may be subject to change and uncertainty of interpretation, application and enforcement. In a number of jurisdictions around the world governments have been increasing taxation on resource companies.

Non-compliance with legislation could result in regulatory challenges, fines, litigation and ultimately the loss of operating licences. Substantial payments of tax could arise for the Group, or tax receivable balances may not be recovered as expected.

Mitigation

Management engages with the relevant regulatory authorities and seeks appropriate advice to ensure compliance with all relevant legislation and subsoil use contracts. A specialist department is tasked with monitoring compliance with the terms of subsoil use contracts in Kazakhstan. Management works closely with the tax authorities in the review of proposed amendments to legislation. Appropriate monitoring and disclosure procedures are in place for related party transactions. Social investments are made in accordance with a Board approved policy and are overseen by the Group's Social Investment Committee. The Group's corporate policies are applied in Russia where a dedicated team is managing legal and regulatory compliance.

FINANCIAL RISKS

Commodity price

Impact

The Group's results are heavily dependent on the commodity price for copper and to a lesser extent, the prices of gold, silver and zinc. Commodity prices can fluctuate significantly and are dependent on several factors, including global supply and demand and investor sentiment.

The escalation of trade tensions between the US and China negatively impacted copper prices in 2019 and, depending on developments, may continue to do so.

The emergence of the Covid-19 coronavirus in China in December 2019, and the subsequent increase in reported cases has raised concerns over the economic outlook for China. As the largest consumer of copper, a reduction in China's economic growth could have a material adverse impact on the copper price.

Mitigation

The Group regularly reviews its sensitivity to fluctuations in commodity prices. The Group is not currently and does not normally hedge commodity prices but may enter into a hedge programme where the Board determines it is appropriate to provide greater certainty over future cash flows.

Foreign exchange and inflation

Impact

Fluctuations in rates of exchange or inflation in the jurisdictions to which the Group is exposed could result in future increased costs.

As the functional currency of the Group's operating entities is their local currency, fluctuations in exchange rates can give rise to exchange gains and losses in the income statement and volatility in the level of net assets recorded on the Group's balance sheet.

Mitigation

Where possible the Group conducts its business and maintains its financial assets and liabilities in US dollars. The Group generally does not hedge its exposure to foreign currency risk in respect of operating expenses.

Exposure to China

Impact

Sales are made to a limited number of customers in China, particularly in respect of copper concentrate output. Treatment and refining charges are dependent upon Chinese smelting capacity and the level of copper concentrate supply in the region.

China is an important source of financing to the Group with long-term debt facilities of $2.4 billion at 31 December 2019. In addition, the Group uses contractors, services and materials from China.

The Chinese economy and its outlook have been negatively affected by global trade tensions and the emergence of the Covid-19 coronavirus. Restrictions on the movement of goods, people and services could impact the Group's operations and projects, the availability of Chinese credit and its demand for commodities.

Mitigation

Aktogay and Bozshakol produce a copper concentrate that is attractive to Chinese smelters, being 'clean' and high in sulphur content. The Group has established good relationships with strategic customers in China.

The Group maintains relationships with a number of international lending banks, has facilities in place with the PXF syndicate, DBK and CAT Financial, and has the flexibility to consider other sources of capital if required.

Acquisitions and divestments

Impact

The Group may acquire or dispose of assets and businesses which fail to achieve the expected benefit or value to the Group. Changing market conditions, incorrect assumptions or deficiencies in due diligence could result in the wrong decisions being made and in acquisitions or disposals failing to deliver expected benefits.

The Restructuring was effected under the laws and regulations of Kazakhstan which are subject to change and open to interpretation, including the legal and tax aspects of the Restructuring, which could give rise to liabilities for KAZ Minerals.

Mitigation

A rigorous assessment process is undertaken to assess all potential acquisitions and divestments by specialist staff, supported by external advisers where appropriate. Due diligence processes are undertaken and material transactions are subject to Board review and approval, including ensuring the transaction is aligned with the Group's strategy, consideration of the key assumptions being applied and the risks identified.

Liquidity

Impact

The Group is exposed to liquidity risk if it is unable to meet payment obligations as they fall due or is unable to access acceptable sources of finance. Non-compliance with financial covenants could result in borrowing facilities becoming uncommitted and repayable.

Baimskaya is a large-scale project, the development of which will require additional financing which will increase the debt levels of the Group.

Failure to manage liquidity risk could have a material impact on the Group's cash flows, earnings and financial position.

Mitigation

Forecast cash flows are closely monitored and the financing strategy is set by the Board. Adequate levels of committed funds are maintained with $541 million cash and cash equivalents and $306 million of undrawn facilities at 31 December 2019. In January 2020, the Group added further liquidity with a refinancing of its PXF debt facility, including an increase in facility commitments to $1.0 billion. The Group's existing operations are highly cash generative.

The Group has a successful track record of raising finance for major projects. In respect of Baimskaya, in parallel with the feasibility study, the Group is continuing discussions with banks on financing the construction phase and is evaluating the potential for partnering.

Further details regarding going concern are included in note 2 to the financial statements.

CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME

Year ended 31 December 2019

$ million (unless otherwise stated)	Notes	2019	2018
Revenues	4(b)	**2,266**	2,162
Cost of sales		**(1,124)**	(1,077)
Gross profit		**1,142**	1,085
Selling and distribution expenses		**(91)**	(94)
Administrative expenses		**(132)**	(115)
Net other operating income		**9**	4
Impairment losses	6	**(5)**	(29)
Operating profit		**923**	851
Analysed as:			
Operating profit (excluding special items)		**923**	871
Special items	7	**–**	(20)
Finance income		**18**	33
Finance costs	8	**(195)**	(245)
Net foreign exchange (loss)/gain		**(20)**	3
Profit before tax		**726**	642
Income tax expense	9	**(155)**	(132)
Profit for the year		**571**	510
Analysed as:			
Underlying Profit	10	**571**	530
Special items	7	**–**	(20)
Attributable to:			
Equity holders of the Company	10	**571**	510
Non-controlling interests	14	**–**	–
		571	510
Other comprehensive income/(expense) for the year after tax:			
Items that may be reclassified subsequently to the income statement:			
Exchange differences on retranslation of foreign operations		**64**	(427)
Items that will never be reclassified to the income statement:			
Actuarial losses on employee benefits, net of tax		**(1)**	–
Other comprehensive income/(expense) for the year		**63**	(427)
Total comprehensive income for the year		**634**	83
Attributable to:			
Equity holders of the Company		**635**	82
Non-controlling interests		**(1)**	1
		634	83
Earnings per share attributable to equity holders of the Company			
Ordinary EPS – basic ($)	10	**1.21**	1.14
Ordinary EPS – diluted ($)	10	**1.17**	1.14
EPS based on Underlying Profit – basic ($)	10	**1.21**	1.18
EPS based on Underlying Profit – diluted ($)	10	**1.17**	1.18

CONSOLIDATED BALANCE SHEET

At 31 December 2019

$ million	Notes	2019	2018
Assets			
Non-current assets			
Intangible assets		**5**	6
Property, plant and equipment		**2,756**	2,130
Mining assets	5(a)	**1,457**	432
Other non-current assets	12	**338**	301
Deferred tax asset		**40**	28
		4,596	2,897
Current assets			
Inventories		**553**	439
Prepayments and other current assets		**193**	90
Income taxes prepaid		**7**	18
Trade and other receivables		**176**	127
Current investments	17(c)	**–**	250
Cash and cash equivalents	17(b)	**541**	1,219
		1,470	2,143
Total assets		**6,066**	5,040
Equity and liabilities			
Equity			
Share capital	13(a)	**177**	171
Share premium	5(a)	**2,883**	2,650
Capital reserves	13(c)	**(2,158)**	(2,457)
Retained earnings		**1,213**	686
Attributable to equity holders of the Company		**2,115**	1,050
Non-controlling interests	14	**59**	4
Total equity		**2,174**	1,054
Non-current liabilities			
Borrowings	15	**2,755**	2,914
Deferred tax liability		**110**	76
Employee benefits		**15**	12
Provision for closure and site restoration		**74**	58
Other non-current liabilities	16	**12**	7
		2,966	3,067
Current liabilities			
Trade and other payables		**360**	320
Borrowings	15	**545**	539
Income taxes payable		**16**	11
Employee benefits		**2**	2
Provision for closure and site restoration		**–**	1
Other current liabilities	16	**3**	46
		926	919
Total liabilities		**3,892**	3,986
Total equity and liabilities		**6,066**	5,040

These condensed consolidated financial statements were approved by the Board of Directors on 19 February 2020.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2019

$ million	Notes	2019	Restated[1] 2018
Operating activities			
Cash receipts from customers		**2,181**	2,198
Net proceeds from historical VAT related to construction		**–**	3
Cash payments to employees, suppliers and taxes other than income tax		**(1,347)**	(1,204)
Cash flows from operations before interest and income taxes paid	17(a)	**834**	997
Interest paid		**(230)**	(229)
Income taxes paid		**(92)**	(95)
Net cash flows from operating activities		**512**	673
Investing activities			
Interest received		**20**	32
Acquisition of Baimskaya copper project, net of cash acquired	5(a)	**(435)**	–
Purchase of intangible assets		**(1)**	(2)
Purchase of property, plant and equipment		**(737)**	(567)
Investments in mining assets		**(122)**	(46)
Net redemption of/(additions to) current investments	17(c)	**250**	(250)
Other investing activities		**(2)**	(18)
Net cash flows used in investing activities		**(1,027)**	(851)
Financing activities			
Proceeds from borrowings	17(c)	**387**	–
Repayment of borrowings	17(c)	**(545)**	(424)
Dividends paid by the Company	11(a)	**(47)**	(27)
Advance consideration for investment in Koksay	5(b)	**45**	25
Other financing activities		**(1)**	–
Net cash flows used in financing activities		**(161)**	(426)
Net decrease in cash and cash equivalents	17(c)	**(676)**	(604)
Cash and cash equivalents at the beginning of the year		**1,219**	1,821
Effect of exchange rate changes on cash and cash equivalents	17(c)	**(2)**	2
Cash and cash equivalents at the end of the year	17(b)	**541**	1,219

1 Advance consideration for investment in Koksay reclassified from investing activities, see note 2(f).

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2019

$ million	Notes	Share capital	Share premium	Capital reserves[1]	Retained earnings	Total	Non-controlling interests	Total equity
		Attributable to equity holders of the Company						
At 1 January 2018		171	2,650	(2,029)	203	995	3	998
Profit for the year		–	–	–	510	510	–	510
Exchange differences on retranslation of foreign operations		–	–	(428)	–	(428)	1	(427)
Total comprehensive income/(expense) for the year		–	–	(428)	510	82	1	83
Dividends	11(a)	–	–	–	(27)	(27)	–	(27)
At 31 December 2018		171	2,650	(2,457)	686	1,050	4	1,054
Profit for the year		**–**	**–**	**–**	**571**	**571**	**–**	**571**
Exchange differences on retranslation of foreign operations		**–**	**–**	**65**	**–**	**65**	**(1)**	**64**
Actuarial loss on employee benefits, net of tax		**–**	**–**	**–**	**(1)**	**(1)**	**–**	**(1)**
Total comprehensive income/(expense) for the year		**–**	**–**	**65**	**570**	**635**	**(1)**	**634**
Dividends	11(a)	**–**	**–**	**–**	**(47)**	**(47)**	**(3)**	**(50)**
Shares issued and Deferred Consideration arising from acquisition of the Baimskaya copper project	5(a)	**6**	**233**	**225**	**–**	**464**	**–**	**464**
Part disposal of subsidiary	5(b)	**–**	**–**	**9**	**2**	**11**	**59**	**70**
Share-based payments, net of taxes		**–**	**–**	**–**	**2**	**2**	**–**	**2**
At 31 December 2019		**177**	**2,883**	**(2,158)**	**1,213**	**2,115**	**59**	**2,174**

1 See note 13(c) for an analysis of ‘Capital reserves’.

1. Corporate information

KAZ Minerals PLC (the 'Company') is a public limited company incorporated in England and Wales. The Company's registered office is 6th Floor, Cardinal Place, 100 Victoria Street, London SW1E 5JL, United Kingdom. The Group comprises the Company and its consolidated divisions as set out below.

The Group operates in the natural resources industry through five divisions, the principal activities of which during 2019 were:

Operating division	Principal activity	Primary countries of operations
Aktogay	Mining and processing of copper and other metals	Kazakhstan
Bozshakol	Mining and processing of copper and other metals	Kazakhstan
East Region[1]	Mining and processing of copper and other metals	Kazakhstan
Bozymchak[1]	Mining and processing of copper and other metals	Kyrgyzstan
Mining Projects	Development of greenfield metal deposits	Kazakhstan and Russia

1 East Region and Bozymchak are separate divisions but have been combined for segmental reporting purposes.

2. Basis of preparation

The condensed consolidated financial statements for the year ended 31 December 2019 do not constitute statutory accounts as defined in Sections 435(1) and (2) of the Companies Act 2006. Statutory accounts for the year ended 31 December 2018 have been delivered to the Registrar of Companies and those for 2019 will be delivered following the Company's Annual General Meeting convened for Thursday 30 April 2020. The auditor has reported on these accounts; their reports were unqualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis of matter and did not contain a statement under Sections 498(2) or (3) of the Companies Act 2006.

(a) Going concern

The Group manages liquidity risk by maintaining adequate committed borrowing facilities and working capital funds. The Board monitors the net debt level and liquidity position of the Group taking into consideration the expected outlook of the Group's financial position, cash flows, future capital expenditure and debt service requirements.

At 31 December 2019, the Group's net debt was $2,759 million with gross debt of $3,300 million, gross liquid funds of $541 million and undrawn committed facilities of $306 million. The gross debt facilities consist of:

- $1,165 million of the CDB-Bozshakol and Bozymchak facilities, which amortise over the period to 2025;
- $1,214 million of the CDB-Aktogay US dollar and Chinese yuan facilities, which amortise over the period to 2029;
- $300 million of the PXF facility, which amortises over the period to June 2021;
- $234 million of the DBK-Aktogay I facility, which amortises over the period to June 2025;
- $315 million of the DBK-Aktogay II facility, which amortises over the period from November 2022 to 2034. The remaining $280 million of the committed facility is expected to be drawn by the end of 2020; and
- $72 million of the CAT facility, which amortises over the period to 2024. The remaining $26 million of the committed facility is expected to be drawn by the end of the first quarter of 2021.

On 28 January 2020, the Group announced that it had completed an amendment and extension of its PXF facility which includes an increase in facility commitments to $1.0 billion. The maturity profile was amended such that the facility will amortise over the period from January 2021 to December 2024, or to December 2026 if two annual extension options are exercised.

The Board has considered the Group's cash flow forecasts for the period to 31 March 2021, including the outlook for commodity prices, production levels from the Group's operations, its future capital requirements including the finalisation of the Aktogay expansion project and initial study and pioneer works at the Baimskaya copper project, and the principal repayments due under the Group's debt facilities.

The Board is satisfied that the Group's forecasts, taking into account reasonably possible downside scenarios, show that the Group has adequate liquidity to continue in operational existence for the foreseeable future. Accordingly, it is appropriate to adopt the going concern basis of accounting in the preparation of these condensed consolidated financial statements.

(b) Basis of accounting

The condensed consolidated financial statements have been prepared on a historical cost basis, except for metal-related trade receivables and derivative financial instruments which have been measured at fair value. The condensed consolidated financial statements are presented in US dollars ('$') and all financial information has been rounded to the nearest million dollars ('$ million'), except where otherwise indicated.

All accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019.

None of the new standards or amendments to standards and interpretations applicable during the year has had a material impact on the financial position or performance of the Group. The Group has not early adopted any standard, interpretation or amendment that was issued but is not yet effective.

In preparing these condensed consolidated financial statements, the Group has adopted all the applicable extant accounting standards issued by the IASB and all the applicable extant interpretations issued by the IFRIC and as adopted by the EU.

The following accounting standards, amendments and interpretations, which had no significant impact on these condensed consolidated financial statements, became effective in the current reporting period on adoption by the EU through the European Financial Reporting Advisory Group ('EFRAG'):

Leases

On 1 January 2019, the Group adopted IFRS 16 '*Leases*', replacing IAS 17 '*Leases*'. The new standard has been applied using the 'modified retrospective approach', which did not result in a classification or measurement adjustment to retained earnings on transition or a restatement of comparative information, and there was no impact on opening equity at 1 January 2019. The standard changes the identification of leases and how they will be recognised, measured and disclosed by lessees, requiring the recognition of a right-of-use asset and liability for the future lease payments on the balance sheet. The standard requires the right-of-use asset to be depreciated over the duration of the lease term and shown within operating profit in the income statement, with the interest cost associated with the financing of the asset included within interest expense. In applying the transition requirements and provisions of the new standard, the Group reviewed its lease contracts, which mainly related to leased office buildings and payments for land, and the right-of-use asset and related liability was found to be immaterial. The standard does not apply to leases to explore for or use natural resources, such as mining licences and rights.

The Group has elected not to recognise right-of-use assets and lease liabilities for leases which have low value, or short-term leases with a duration of 12 months or less. The payments associated with such leases are charged directly to the income statement on a straight-line basis over the lease term.

In assessing the application of IFRS 16, the Group considered the following practical expedients:

- the previous determination of whether a contract is, or contains, a lease pursuant to IAS 17 '*Leases*' and IFRIC 4 '*Determining whether an Arrangement Contains a Lease*' has been maintained for existing contracts;
- right-of-use assets or lease liabilities for leases where the lease term ends within 12 months of the date of initial application have not been recognised;
- initial direct costs from right-of-use assets have been excluded; and
- hindsight was used when assessing the lease term.

Borrowing costs

On 1 January 2019, the Group adopted '*Borrowing Costs Eligible for Capitalisation (Amendments to IAS 23)*'. The amendment requires that project specific borrowings are included as general borrowings once those assets are operating as intended and therefore the associated interest will become available for capitalisation on other 'qualifying assets', being assets that necessarily take a substantial period of time to get ready for their intended use or sale. In the year ended 31 December 2019, this amendment brought the CDB-Bozshakol and Bozymchak, the CDB-Aktogay, and the first DBK-Aktogay loan borrowed specifically for the construction of the respective capital projects into general borrowings. The interest on these loans is therefore included in the capitalisation rate applied to expenditures on qualifying capital projects, such as the expansion of Aktogay (see note 8).

Income tax

On 1 January 2019, the Group adopted IFRIC 23 '*Uncertainty over Income Tax Treatments*'. The interpretation clarifies that income tax and deferred tax assets and liabilities should be measured reflecting the uncertainty of any positions adopted under IAS 12 '*Income Taxes*', where acceptance of such position by the tax authorities is considered as less than probable. The application of this interpretation had no material impact on the amounts reported in the Group's condensed consolidated financial statements.

Other

The application of a number of minor amendments, including those from the 2015-2017 annual improvement cycle which became effective on 1 January 2019, had no impact on the Group's condensed consolidated financial statements due to the nature of its operations. This includes '*Previously Held Interests in a Joint Operation (Amendments to IFRS 3 and IFRS 11)*', '*Income Tax Consequences of Payments on Instruments Classified as Equity (Amendments to IAS 12)*', '*Prepayment Features with Negative Compensation (Amendments to IFRS 9)*', '*Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)*', and '*Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)*'.

(c) Basis of consolidation

The condensed consolidated financial statements set out the Group's financial position as at 31 December 2019 and the Group's financial performance for the year ended 31 December 2019.

Subsidiaries are those enterprises controlled by the Group. Control exists when the Group has the power, directly or indirectly, to direct those activities of an enterprise that most significantly affect the returns the Group earns from its involvement with the enterprise. Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in the income statement. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This treatment may mean that amounts previously recognised in other comprehensive income are recycled through the income statement. Joint operations are those arrangements jointly controlled by the Group and one or more parties with rights to the assets and obligations for the liabilities relating to the arrangement. Joint operations are proportionally consolidated from the date on which the Group obtains joint control and cease to be proportionally consolidated from the date on which the Group no longer has joint control.

The financial statements of subsidiaries and joint operations are prepared for the same reporting year as the Company, using consistent accounting policies. All intercompany balances and transactions, including unrealised profits arising from intragroup transactions, are eliminated in full. Unrealised losses are eliminated in the same way as unrealised gains except that they are only eliminated to the extent that there is no evidence of impairment.

(d) Exchange rates

The following foreign exchange rates against the US dollar have been used in the preparation of the condensed consolidated financial statements:

	31 December 2019		31 December 2018	
	Spot	**Average**	Spot	Average
Kazakhstan tenge	**381.18**	**382.75**	384.20	344.71
Kyrgyzstan som	**69.64**	**69.79**	69.85	68.84
UK pounds sterling	**0.75**	**0.78**	0.78	0.75
Russian rouble	**61.91**	**64.69**	n/a	n/a

During 2019, the appreciation of the tenge at the spot rate resulted in a non-cash foreign exchange gain of $64 million (2018: non-cash foreign exchange loss of $427 million) recognised directly within reserves, arising from the translation on consolidation of the Group's Kazakhstan based subsidiaries whose functional currency is the tenge.

(e) Statement of compliance

The condensed consolidated financial statements of the Company, and financial statements of all its subsidiaries and joint operations have been prepared in accordance with IFRSs as issued by the IASB and interpretations issued by the IFRIC of the IASB, as adopted by the EU and in accordance with the provisions of the Companies Act 2006.

(f) Comparative information

Where a change in the presentation format of the condensed consolidated financial statements has been made during the year, comparative figures have been restated accordingly.

In the condensed consolidated statement of cash flows, the advance consideration arising on the part disposal of Koksay of $25 million in 2018 has been reclassified to financing activities (previously shown within investing activities), being proceeds from changes in ownership interests in subsidiaries that do not result in loss of control. This restatement increased cash flows from financing activities and decreased cash flows from investing activities for the comparative period by $25 million, and is solely for presentation purposes.

3. Significant accounting judgements and key sources of estimation uncertainty

In the course of preparing these condensed consolidated financial statements, the Directors make necessary judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

Judgements are based on the Directors' best knowledge of the relevant facts and circumstances having regard to prior experience, but actual results may differ from the amounts included in the condensed consolidated financial statements.

Estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant, but actual results may differ from these estimates. The estimates and underlying assumptions applied are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements, key assumptions and sources of estimation uncertainty concerning the future that arise mainly from the nature of the Group's mining operations and which the Directors believe are likely to have the greatest effect on the amounts recognised in the condensed consolidated financial statements. However, the Directors do not expect a significant risk of a material change to the Group's carrying value of the assets and liabilities affected by these factors in the next 12 months, within a reasonably possible range, with the exception of Bozymchak, as discussed below.

The qualitative disclosures regarding these sources of estimation uncertainty are presented because the Directors consider these to be relevant to the mining industry and useful in understanding the condensed consolidated financial statements of the Group. These disclosures go beyond the minimum requirements of IAS 1 '*Presentation of Financial Statements'* which only requires disclosure of estimation uncertainty where changes in estimates, within a reasonably possible range, could have a significant risk of a material effect within the next 12 months on the amounts recognised in the condensed consolidated financial statements.

Impairment of assets

Significant accounting judgements

The Directors review the carrying value of the Group's assets to determine whether there are any indicators of impairment such that the carrying values of the assets may not be recoverable. The assessment of whether an indicator of impairment or reversal thereof has arisen requires considerable judgement, taking account of factors such as future operational and financial plans, commodity prices and the competitive environment.

For exploration and evaluation assets held by the Group, namely Koksay and Baimskaya, before the technical feasibility and commercial viability of extracting a mineral resource is demonstrable, indicators of impairment can include: (a) the right to explore in a specific area has expired and is not expected to be renewed; (b) significant expenditure for further exploration or evaluation activities is not being planned; (c) exploration and evaluation of mineral resources have not led to the discovery or confirmation of commercially viable resource; or (d) that sufficient data exists to indicate that the carrying amount of the asset may not be recovered in full from development or sale.

Where such indicators exist, the carrying value of the assets of a cash generating unit ('CGU') or exploration and evaluation asset is compared with the recoverable amount of those assets, that is, the higher of its fair value less costs to sell and value in use, which is typically determined on the basis of discounted future cash flows. For the purpose of assessing commodity prices as potential indicators of impairment, consideration was given to a range of equity analyst long-term copper prices with a median price of around $6,700/t.

An assessment of the key external and internal factors affecting the Group, its CGUs or exploration and evaluation assets at 31 December 2019 did not identify any indicators of impairment or reversal thereof at any of the Group's CGUs or exploration and evaluation assets.

In 2018, adverse court rulings in Kyrgyzstan were received for the recovery of historical VAT incurred on the construction of the Bozymchak plant, amounting to $16 million and previously included within non-current assets. This was considered to be an impairment indicator at the Bozymchak CGU and an impairment review was undertaken in the comparative period (see note 6).

Key sources of estimation uncertainty

The preparation of discounted future cash flows used to assess the recoverable amount of the Group's CGUs, includes management estimates of commodity prices, future operating costs, economic and regulatory environments, capital expenditure requirements, long-term mine plans and other factors including the discount rate. Any subsequent revisions to cash flows due to changes in the factors listed above, principally commodity prices, beyond what is considered as reasonably possible, could impact the recoverable amount of the assets. Changes to commodity prices within a reasonably possible range are not expected to significantly impact the carrying value of the Group's Kazakhstan based CGUs. In respect of the Group's Bozymchak CGU in Kyrgyzstan, which was previously impaired, a 5% reduction in the forecast copper prices could result in the carrying value exceeding its recoverable amount by around $10 million. This is a simple sensitivity on copper prices in isolation and does not consider any actions which management would take to mitigate the impact of a fall in commodity prices. Additionally, a 1% increase in the discount rate could result in an impairment of around $5 million.

Non-current inventories

Significant accounting judgements

Mining activities may result in the stockpiling of ore. Ore which is not expected to be processed within 12 months of the balance sheet date and is considered to fall outside of the normal operating cycle of the operation is classified as a non-current asset. The classification of stockpiled ore between non-current and current assets is based on judgements as to the expected timing of processing and on future production plans.

Key sources of estimation uncertainty

Stockpiled ore is reported at the lower of cost or net realisable value, with net realisable value subject to estimates of further processing, delivery costs and future commodity prices. Commodity prices applied in assessing the net realisable value fall within the range of equity analyst commodity price expectations. Changes to commodity prices in the next 12 months within a reasonably possible range are not expected to significantly impact the carrying value of non-current inventories.

Determination of mineral reserves and useful lives of property, plant and equipment

Key sources of estimation uncertainty

Mineral reserves are estimates of the amount of product that can be economically and legally extracted from the Group's mining properties. In order to estimate reserves, assumptions are required about a range of geological, technical and economic factors, including quantities, grades, production techniques, recovery rates, production costs, transport costs, commodity demand, commodity prices and exchange rates. The Group estimates its mineral reserves and mineral resources based on information compiled and reviewed by competent persons as defined in accordance with KAZRC/JORC.

In assessing the life of a mine for accounting purposes, mineral reserves are taken into account where there is a high degree of confidence of economic extraction. Since the economic assumptions used to estimate reserves change from period to period, and as additional geological data is generated during the course of operations, estimates of reserves may change from period to period. Changes in reported reserves may affect the Group's financial results and financial position in a number of ways, including the following:

- asset recoverable amounts may be affected due to changes in estimated future cash flows;
- deferral of stripping costs which are determined using a waste to ore stripping ratio;
- depreciation, depletion and amortisation charged in the income statement may change where such charges are determined by the unit of production basis, or where the useful economic lives of assets change;
- decommissioning, site restoration and environmental provisions may change where changes in estimated reserves affect expectations about the timing or cost of these activities; and
- the carrying value of deferred tax assets may change due to revisions in estimates of the likely recovery of tax benefits.

There are numerous uncertainties inherent in estimating mineral reserves and assumptions that are valid at the time of estimation which may change significantly when new information becomes available. Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may ultimately result in reserves being revised. The Directors do not expect significant changes in the carrying value of the Group's mining properties; property, plant and equipment; closure liabilities and deferred taxes to arise from changes in mineral reserve estimates within a reasonably possible range in the next 12 months. Revisions to mineral reserve estimates in 2019 did not result in a material change to the carrying value of these assets and liabilities.

For property, plant and equipment depreciated on a straight-line basis over its useful economic life, the appropriateness of the asset's useful economic life is reviewed at least annually and changes could affect prospective depreciation rates and asset carrying values.

Decommissioning and site restoration costs

Significant accounting judgements

The Directors use judgement and experience in determining the expected timing, closure and decommissioning methods, which can vary in response to changes in the relevant legal requirements or decommissioning technologies.

Key sources of estimation uncertainty

The ultimate cost of decommissioning and rehabilitation is uncertain and cost estimates can vary in response to many factors including the emergence of new restoration techniques and costs of materials and labour. Therefore, the Group periodically reviews the closure cost estimate at each operation. The expected timing and extent of expenditure can also change in response to revisions in mineral reserve estimates, processing levels and commodity prices whilst future costs are discounted using forecast discount rates. Due to the relatively long life of the Group's most significant assets, changes in estimates within a reasonably possible range in the next 12 months are not expected to significantly impact the carrying value of the Group's provisions for decommissioning and site restoration costs.

Taxes

Significant accounting judgements

The Directors make judgements in relation to the recognition of various taxes levied on the Group, which are both payable and recoverable. Judgement applies particularly to corporate income taxes, transfer pricing, VAT and outcomes of any tax disputes which would affect the recognition of tax liabilities and deferred tax assets. Judgement over recognition also applies to taxes which are recoverable by the Group, principally VAT paid, for which the recoverability and timing of recovery is assessed. In making judgements related to taxes, the Directors believe that the tax positions it adopts are in line with the applicable legislation and reflect the probable outcome. The tax obligations and receivables, upon audit by the tax authorities at a future date, may differ as a result of differing interpretations. These interpretations may impact the expected timing and quantum of taxes payable and recoverable and are discussed further in note 19.

Key sources of estimation uncertainty

Estimates may be made to determine the amount of taxes recoverable, principally VAT and deferred tax assets. The recognition of deferred tax assets mainly relates to tax losses which may be utilised in the future, giving consideration to future profitability, estimates of commodity prices, interest rate and operating costs and any statute of limitation period. Changes in these estimates within a reasonably possible range in the next 12 months are not expected to significantly alter the carrying value of the Group's taxes that are recoverable.

Joint operations

Significant accounting judgements

Joint arrangements are classified as joint operations where the Group exercises joint control and the parties have the rights to the assets and obligations for the liabilities relating to the arrangement. Judgement is required in determining the nature of the joint arrangement based on the particular facts and circumstances, the legal form and purpose of the joint arrangement. Industrial Construction Group LLC ('ICG') is a joint arrangement established to undertake the engineering and construction of the additional sulphide processing facility at Aktogay. The Group holds 49% of voting rights in ICG but exercises joint control as decisions require unanimous consent. As the output of the joint arrangement is the construction of the additional processing facilities at Aktogay and thus benefits the Group, ICG is accounted for as a joint operation and is therefore proportionally consolidated.

Acquisition of the Baimskaya copper project

Significant accounting judgements

In assessing the accounting for the acquisition of Baimskaya, consideration was given to whether the copper project consisted of an integrated set of inputs and processes (as defined under IFRS 3 *'Business Combinations'*) that could be used to generate an output. As the copper project is in the exploration stage prior to feasibility, the work undertaken to date was considered to be an assessment of its inputs rather than the existence of inputs and processes capable of generating an output. As such, the acquisition was judged to be an asset and not a business as defined under IFRS 3, with the majority of the value paid being shown as a mining licence within mining assets (see note 5(a)).

4. Segment information

Information provided to the Group's Board of Directors for the purposes of resource allocation and the assessment of segmental performance is prepared in accordance with the management and operational structure of the Group. For management and operational purposes, the Group is organised into a number of businesses as shown below, according to the nature of their operations, end-products and services rendered. Each of these business units represents an operating segment in accordance with IFRS 8 '*Operating Segments*'. The East Region and Bozymchak segments are presented on a combined basis.

The Group's operating segments are:

Aktogay

The Aktogay open pit, sulphide concentrator and oxide plant located in the east of Kazakhstan and the associated international sales and marketing activities managed out of the UK. The sulphide concentrator was commissioned in the final quarter of 2016 with some concentrate toll processed at the Balkhash smelter (a related party) and the cathode output sold to third parties. The smaller oxide plant was commissioned in the fourth quarter of 2015 and produces copper cathode. The oxide plant is included in the Aktogay operating segment due to the sharing of infrastructure, its relatively small size and to reflect the Group's management structure. An expansion of the sulphide processing facilities at Aktogay was announced in December 2017, which is expected to double its sulphide ore processing capacity by the end of 2021.

Bozshakol

The Bozshakol open pit, sulphide concentrator and clay plant located in the Pavlodar region of Kazakhstan and the associated international sales and marketing activities managed out of the UK. The sulphide and clay concentrators were commissioned in February 2016 and in the fourth quarter of 2016 respectively. Some concentrate from both plants is also toll processed at the Balkhash smelter with the output of copper, gold and silver sold to third parties. The clay plant is included in the Bozshakol operating segment due to the sharing of infrastructure and mining pit, its relatively small size and to reflect the Group's management structure.

East Region and Bozymchak

The East Region and Bozymchak operations are shown as one operating segment consisting of Vostoktsvetmet LLC ('East Region'), whose principal activity is the mining and processing of copper and other metals which are produced as by-products from three underground mines and the associated concentrators located in the eastern region of Kazakhstan; and KAZ Minerals Bozymchak LLC ('Bozymchak') a copper-gold open pit mine and concentrator located in western Kyrgyzstan and the associated international sales and marketing activities managed out of the UK. Bozymchak is combined with the East Region operations, given the similarity of their economic characteristics and concentrate production processes; and as their combined output is toll processed at the Balkhash smelter and subsequently sold to the Group's customers.

Mining Projects

The Group's mining projects consist of companies which are responsible for the assessment and development of greenfield metal deposits. The segment includes the Koksay deposit in Kazakhstan and the Baimskaya licence area in the Chukotka region of Russia. Both of these projects are at the feasibility study stage.

Managing and measuring operating segments

The key performance measure which the Directors use internally to assess the performance of the operating segments is EBITDA. Refer to the APMs section on page 54 for further details.

The Treasury department manages the Group's borrowings and monitors finance income and finance costs at the Group level on a net basis, rather than by operating segment.

Segmental information is also provided in respect of revenues, by destination and by product.

(a) Operating segments

(i) Income statement information

$ million	Aktogay	Bozshakol	East Region and Bozymchak	Mining Projects	Corporate Services	Total
						Year ended 31 December 2019
Revenues	**863**	**851**	**552**	**–**	**–**	**2,266**
EBITDA	**564**	**585**	**230**	**(4)**	**(20)**	**1,355**
Less: depreciation, depletion and amortisation[1]	**(104)**	**(90)**	**(41)**	**–**	**(1)**	**(236)**
Less: MET and royalties[1,2]	**(79)**	**(68)**	**(49)**	**–**	**–**	**(196)**
Operating profit/(loss)	**381**	**427**	**140**	**(4)**	**(21)**	**923**
Net finance costs and foreign exchange loss						**(197)**
Income tax expense						**(155)**
Profit for the year						**571**

$ million	Aktogay	Bozshakol	East Region and Bozymchak	Corporate Services	Total
					Year ended 31 December 2018
Revenues	775	756	631	–	2,162
EBITDA	530	520	284	(24)	1,310
Special items – note 7	–	–	(20)	–	(20)
EBITDA (after special items)	530	520	264	(24)	1,290
Less: depreciation, depletion and amortisation[1]	(108)	(90)	(40)	(1)	(239)
Less: MET and royalties[1,2]	(72)	(69)	(59)	–	(200)
Operating profit/(loss)	350	361	165	(25)	851
Net finance costs and foreign exchange gain					(209)
Income tax expense					(132)
Profit for the year					510

1 Depreciation, depletion and amortisation and MET and royalties exclude the costs associated with inventories on the balance sheet.
2 MET and royalties have been excluded from the key financial indicator of EBITDA. The Directors believe that MET and royalties are a substitute for a tax on profits, hence their exclusion provides an informed measure of the operational performance of the Group.

(ii) Balance sheet information

$ million	Aktogay	Bozshakol	East Region and Bozymchak	Mining Projects: Baimskaya	Mining Projects: Koksay	Corporate Services[4]	Total
							At 31 December 2019
Assets							
Non-current assets[1]	**1,758**	**1,112**	**398**	**1,044**	**243**	**6,220**	**10,775**
Current assets excluding cash and cash equivalents[2]	**414**	**325**	**173**	**19**	**–**	**1,928**	**2,859**
Cash and cash equivalents	**6**	**6**	**16**	**1**	**64**	**448**	**541**
Segment assets	**2,178**	**1,443**	**587**	**1,064**	**307**	**8,596**	**14,175**
Taxes receivable							**47**
Elimination							**(8,156)**
Total assets							**6,066**
Liabilities							
Non-current liabilities	**18**	**12**	**64**	**5**	**3**	**2**	**104**
Inter-segment borrowings	**845**	**837**	**91**	**146**	**–**	**–**	**1,919**
Current liabilities[3]	**168**	**56**	**64**	**12**	**1**	**82**	**383**
Segment liabilities	**1,031**	**905**	**219**	**163**	**4**	**84**	**2,406**
Borrowings							**3,300**
Taxes payable							**126**
Elimination							**(1,940)**
Total liabilities							**3,892**

$ million	Aktogay	Bozshakol	East Region and Bozymchak	Mining Projects Koksay	Corporate Services[4]	Total
						At 31 December 2018
Assets						
Non-current assets[1]	1,178	1,104	335	236	5,325	8,178
Current assets excluding cash and cash equivalents and current investments[2]	255	258	1,944	–	1,746	4,203
Cash and cash equivalents and current investments	55	7	12	25	1,370	1,469
Segment assets	1,488	1,369	2,291	261	8,441	13,850
Taxes receivable						46
Elimination						(8,856)
Total assets						5,040
Liabilities						
Non-current liabilities	9	6	59	3	–	77
Inter-segment borrowings	676	941	121	–	–	1,738
Current liabilities[3]	94	99	68	25	1,892	2,178
Segment liabilities	779	1,046	248	28	1,892	3,993
Borrowings						3,453
Taxes payable						87
Elimination						(3,547)
Total liabilities						3,986

1 Non-current assets includes property, plant and equipment, mining assets and intangible assets which are located in the principal country of operations of each operating segment. Aktogay, Bozshakol and Koksay (within Mining Projects) segments principally operate in Kazakhstan. The East Region and Bozymchak segment includes property, plant and equipment, mining assets and intangible assets of $303 million relating to the East Region assets located in Kazakhstan and $52 million of Bozymchak assets located in Kyrgyzstan (2018: $253 million and $55 million respectively). The Baimskaya (within Mining Projects) segment relates to assets located in Russia. Additionally, included within non-current assets is long-term stockpiled ore of $135 million at Bozshakol and $42 million at Aktogay (2018: $111 million and $15 million respectively).

2 Current assets excluding cash and cash equivalents and current investments comprise inventories, prepayments and other current assets and trade and other receivables, including intragroup non-financing receivables.

3 Current liabilities comprise trade and other payables, including intragroup non-financing related payables, and other current liabilities including provisions.

4 Corporate Services non-current assets include $6,216 million of intra-group investments while current assets include $1,919 million of inter-segment loans, which are eliminated within total assets (2018: $5,309 million and $1,738 million respectively).

(iii) Capital expenditure[1]

$ million	Aktogay[2]	Bozshakol[3]	East Region and Bozymchak	Mining Projects Baimskaya[4]	Mining Projects Koksay	Corporate Services	Total
							Year ended 31 December 2019
Property, plant and equipment	**549**	**89**	**53**	**45**	**–**	**1**	**737**
Mining assets	**3**	**3**	**45**	**501**	**5**	**–**	**557**
Intangible assets	**1**	**–**	**–**	**–**	**–**	**–**	**1**
Capital expenditure	**553**	**92**	**98**	**546**	**5**	**1**	**1,295**

$ million	Aktogay[2]	Bozshakol	East Region and Bozymchak	Mining Projects Koksay	Corporate Services	Total
						Year ended 31 December 2018
Property, plant and equipment	512	25	29	–	1	567
Mining assets	1	4	40	1	–	46
Intangible assets	1	–	1	–	–	2
Capital expenditure	514	29	70	1	1	615

1 Capital expenditure presented by operating segment reflects cash paid and is aligned with the Group's internal capital expenditure reporting. Capital expenditure includes non-current advances paid for items of property, plant and equipment and mining assets.

2 Includes the final $19 million (2018: $281 million) settled in respect of the $300 million NFC deferral (see note 16(c)).

3 Includes $37 million for the payment of final retentions relating to the construction of the sulphide and clay plants.

4 Includes $436 million paid on 22 January 2019 to acquire the asset (see note 5(a)).

(b) Information in respect of revenues

Revenues by product to third parties are as follows:

$ million	Aktogay	Bozshakol	East Region and Bozymchak	Total
	Year ended 31 December 2019			
Copper cathodes	**394**	**60**	**374**	**828**
Copper in concentrate	**455**	**541**	**–**	**996**
Gold	**4**	**49**	**80**	**133**
Gold in concentrate	**–**	**185**	**–**	**185**
Silver	**3**	**1**	**36**	**40**
Silver in concentrate	**7**	**12**	**–**	**19**
Zinc in concentrate	**–**	**–**	**58**	**58**
Other revenues including other by-products	**–**	**3**	**4**	**7**
	863	**851**	**552**	**2,266**

$ million	Aktogay	Bozshakol	East Region and Bozymchak	Total
	Year ended 31 December 2018			
Copper cathodes	206	67	417	690
Copper in concentrate	558	529	–	1,087
Gold	–	–	68	68
Gold in concentrate	–	144	–	144
Silver	1	2	37	40
Silver in concentrate	6	9	–	15
Zinc in concentrate	–	–	101	101
Other revenues including other by-products	4	5	8	17
	775	756	631	2,162

Most of the Group's sales agreements are based on provisional pricing with the final pricing usually determined by the average market price of the respective metal in the month (for gold and silver bar), the month following (for copper cathode and zinc concentrate) or the second month following (for copper concentrate including by-products) dispatch to the customer. At 31 December, the Group's provisionally priced volumes and their respective average provisional price were as follows:

	At 31 December 2019		At 31 December 2018	
	Provisionally priced volumes	**Weighted average provisional price**	Provisionally priced volumes	Weighted average provisional price
Copper cathodes	**9 kt**	**5,919 $/t**	4 kt	6,244 $/t
Copper in concentrate[1]	**32 kt**	**5,338 $/t**	29 kt	5,558 $/t
Gold in concentrate[1]	**23 koz**	**1,502 $/oz**	21 koz	1,217 $/oz
Silver in concentrate[1]	**184 koz**	**17 $/oz**	113 koz	14 $/oz
Zinc in concentrate[1]	**1 kt**	**1,784 $/t**	2 kt	2,102 $/t

1 Payable metal in concentrate. Typically priced after deduction of a processing charge.

The final prices for the provisionally priced volumes shown above will be determined during the quarter after the year end. At 31 December 2019, sales contracts which had not been finally priced were marked to market to reflect the expected settlement price based on the appropriate forward metal price (typically one month for copper cathode and zinc concentrate and two months for copper concentrate including by-products). This adjustment increased revenue by $12 million (2018: $7 million decrease). The cumulative commodity pricing adjustments recorded during 2019 between the final price and the forward price at the expected settlement date, at the time of the sale, resulted in a $26 million increase (2018: $17 million reduction) which is included within revenue.

Revenues by destination from sales to third parties are as follows:

$ million	Aktogay	Bozshakol	East Region and Bozymchak	Total
	Year ended 31 December 2019			
China	**836**	**546**	**350**	**1,732**
Europe	**23**	**256**	**103**	**382**
Kazakhstan and Central Asia	**4**	**49**	**99**	**152**
	863	**851**	**552**	**2,266**

$ million	Aktogay	Bozshakol	East Region and Bozymchak	Total
	Year ended 31 December 2018			
China	600	527	298	1,425
Europe	175	229	209	613
Kazakhstan and Central Asia	–	–	124	124
	775	756	631	2,162

The Group's copper concentrate sales and certain copper cathode and zinc sales have been contracted to Advaita Trade Private Limited and its subsidiaries ('Advaita'). Advaita is a metals trading group with significant experience in marketing metals the Group produces into China and Europe. Sales from all the Group's segments to Advaita comprise 87% ($1,971 million) of revenues (2018: 83% or $1,788 million).

5. Acquisition of the Baimskaya copper project and part disposal of Koksay

(a) Baimskaya copper project

On 22 January 2019, the Group announced the Initial Completion of the acquisition of the Baimskaya copper project in the Chukotka region of Russia. The consideration due at Initial Completion was $675 million made up of $436 million in cash and 22.3 million new KAZ Minerals shares valued at $239 million, which were allotted to the Vendor. The 22.3 million shares are subject to a three-year lock-up period ending on the third anniversary of Initial Completion. Deferred Consideration of $225 million for the remaining interest is payable in 21.0 million shares, subject to the achievement of certain Project Delivery Conditions, including a pre-determined level of throughput and development of infrastructure by the Russian state. To the extent these conditions are not met or waived by the Group and therefore not settled in shares, the Deferred Consideration will become payable in cash on 31 March 2029.

As part of the consideration is settled in shares, the transaction falls within the scope of IFRS 2 '*Share-based Payment*'. The Initial Consideration of 22.3 million KAZ Minerals PLC shares valued at $239 million has been recognised as an increase in share capital of around $6 million and share premium of $233 million. The Deferred Consideration of $225 million has also been included within equity (see note 13(c)(iii)), representing the Group's ability to settle this amount through the issue of 21.0 million shares. The Group obtained a 75% equity stake in the project on Initial Completion, however no non-controlling interest is recognised as the remaining 25% will be purchased through Deferred Consideration.

The total consideration for the acquisition was $900 million, of which around $880 million has been reflected as a mining licence within mining assets, $13 million in net deferred tax assets and $7 million relating to other non-current assets, income taxes prepaid and cash and cash equivalents ($1 million). Other long-term advances of $15 million, relating to amounts transferred to the Baimskaya copper project for study costs, ahead of Initial Completion, were also reclassified to mining assets (see note 12).

(b) Koksay

On 8 June 2018, KAZ Minerals announced an agreement for NFC to invest $70 million for a 19.4% equity stake in the Group's Koksay project. In July 2019, the Group transferred a 19.4% equity stake in KAZ Minerals Koksay B.V., the parent company of the entity which holds the Koksay mining licence in Kazakhstan, to NFC following completion of the transaction. The $70 million cash consideration (including $25 million received in December 2018) was reflected as a current liability pending completion of the transaction (see note 16(a)). Following completion, NFC's interest in KAZ Minerals Koksay B.V. was reflected as a non-controlling interest of $59 million, being its share of Koksay's net assets, with the remaining amount recognised directly within equity and attributed to the Group's shareholders. The $70 million invested by NFC will be used solely for the development of Koksay, including a feasibility study, which will determine the detailed design for mining and processing operations and the associated capital budget. The Board will review the results of the feasibility study to assess how and when to proceed with the project.

6. Impairment losses

$ million	2019	2018[1]
Impairment charges against property, plant and equipment	**1**	16
Impairment charges against mining assets	**2**	4
Impairment charges against current VAT receivable	**2**	9
	5	29

1 In 2018, impairment charges against property, plant and equipment ($16 million) and mining assets ($4 million) were considered to be special items for the purposes of determining the Group's key financial indicators of EBITDA and Underlying Profit (see note 10).

An assessment of the key external and internal factors affecting the Group and its CGUs at 31 December 2019 did not identify any indicators of impairment or reversal thereof at any of the Group's CGUs (see note 3). The impairments noted in the table above for 2019 relate to specifically identified assets that are no longer expected to be utilised and therefore have been impaired to their estimated recoverable amount.

In 2018, the Bozymchak CGU was subject to an impairment review following the identification of an impairment indicator, being adverse court rulings relating to the recovery of VAT incurred on the construction of the plant. The Bozymchak operation is reflected within the East Region and Bozymchak segment. A total impairment of $20 million was recognised, with $16 million recorded against property, plant and equipment and $4 million against mining assets. The impairment charge reduced the carrying value of the Bozymchak operation to its estimated recoverable amount of $84 million at 31 December 2018, which was determined as its fair value less cost to sell on a discounted cash flow basis. The risk adjusted cash flow forecasts were discounted at a post tax nominal discount rate of 12%.

The key assumptions and estimates made in determining the cash flows were the future prices of copper and gold and the discount rate. The price estimates used were consistent with those applied by the Directors in considering whether commodity prices were an indicator of impairment, with reference to a long-term copper price of $6,700/t (see note 3). The fair value less cost to sell estimate is a fair value measure that is categorised within Level 3 of the fair value hierarchy.

7. Special items

Special items are those items which are non-recurring or variable in nature and which do not impact the underlying trading performance of the business.

$ million	2019	2018
Special items within operating profit		
Impairment charges against property, plant and equipment	**–**	16
Impairment charges against mining assets	**–**	4
	–	20

Further information on special items is in the Financial review on page 18.

8. Finance costs

$ million	2019	2018
Interest expense	**189**	236
Total interest expense	**226**	240
Less: amounts capitalised to the cost of qualifying assets[1]	**(37)**	(4)
Interest on employee obligations	**1**	1
Unwinding of discount on provisions and other liabilities	**5**	5
Fair value losses on debt related derivative financial instruments	**–**	3
	195	245

1 In 2019, the Group capitalised to the cost of the Aktogay expansion project $6 million of borrowing costs from the DBK-Aktogay expansion facility at an average rate of interest of 5.98%. The Group also capitalised to the cost of the Aktogay expansion and the Baimskaya copper project and other qualifying assets $31 million of borrowing costs at an average rate of interest of 6.97% from all other borrowings outstanding during the year, which are regarded as general borrowings for Group reporting purposes. This follows the adoption on 1 January 2019 of '*Borrowing Costs Eligible for Capitalisation (Amendments to IAS 23)*', whereby project specific borrowings are included as general borrowings once those assets are operating as intended and therefore the associated interest will become available for capitalisation on other qualifying assets (see note 2(b)). In 2018, the Group capitalised to the cost of the Aktogay expansion project $4 million of general borrowing costs from the PXF facility only, at an average rate of interest of 4.97%. The interest cost on borrowings capitalised to qualifying assets is deductible for tax purposes against income in the current year.

Further information relating to finance costs is in the Financial review on page 18.

9. Income tax expense

Major components of income tax expense are:

$ million	2019	2018
Current income tax		
Corporate income tax – current period (UK)	**–**	–
Corporate income tax – current period (overseas)	**117**	83
Corporate income tax – prior periods (overseas)	**2**	1
	119	84
Deferred income tax		
Corporate income tax – current period temporary differences	**35**	49
Corporate income tax – prior periods temporary differences	**1**	(1)
	36	48
	155	132

A reconciliation of the income tax expense applicable to the accounting profit before tax at the statutory income tax rate, to the income tax expense at the effective income tax rate, is as follows:

$ million	2019	2018
Profit before tax	**726**	642
At UK statutory income tax rate of 19.0%	**138**	122
Underprovided in prior periods – current income tax	**2**	1
Under/(over) provided in prior periods – deferred income tax	**1**	(1)
Effect of domestic tax rates applicable to individual Group entities	**(2)**	5
Tax effect of non-deductible items:		
Transfer pricing	**2**	1
Other non-deductible expenses	**14**	4
	155	132

Corporate income tax ('CIT') is calculated at 19.0% (2018: 19.0%) of the assessable profit for the year for the Company and its UK subsidiaries and 20.0% for the operating subsidiaries in Kazakhstan (2018: 20.0%) and Russia. In Kyrgyzstan, changes to legislation applicable from November 2017 have reduced CIT to 0%, replaced by a tax on gold revenues, which is reflected as royalties within selling expenses.

Historical tax years relating to various companies within the Group remain open for tax audits. The tax authorities in Kazakhstan are able to raise additional tax assessments for five years after the end of the relevant tax period. In Kyrgyzstan, tax authorities are able to raise additional tax assessments for a period of six years after the end of the relevant tax period. In Russia, the tax authorities are able to raise additional tax assessments for a period of three years prior to the year of review. In all three jurisdictions, under certain circumstances, historical tax years may remain open for inspection for longer periods.

Effective tax rate

The effective tax rate was 21% (2018: 21%). Tax charges are affected by the mix of profits and tax jurisdictions in which the Group operates. The impact of unrecognised tax losses and non-deductible items increases the Group's overall effective tax rate.

The following factors impacted the effective tax rate for the year ended 31 December 2019:

Other non-deductible expenses

The 2019 non-deductible items are mainly comprised of certain social responsibility costs, fines and penalties, and other non-deductible expenses. The 2018 non-deductible items are mainly comprised of impairment of VAT receivable at the East Region operations and costs relating to the acquisition of the Baimskaya copper project.

Further information relating to income taxes and the change in the effective tax rate is in the Financial review on page 19.

10. Earnings per share

The following reflects the income and share data used in the EPS computations:

$ million (unless otherwise stated)	2019	2018
Net profit attributable to equity holders of the Company	**571**	510
Special items net of tax – note 7	**–**	20
Underlying Profit[1] and net profit attributable to equity holders of the Company	**571**	530
Weighted average number of ordinary shares of 20 pence each for EPS calculation – basic	**470,215,553**	447,331,406
Potential dilutive ordinary shares, weighted for the period outstanding	**19,801,180**	–
Weighted average number of ordinary shares of 20 pence each for EPS calculation – diluted	**490,016,733**	447,331,406
Ordinary EPS – basic ($)	**1.21**	1.14
Ordinary EPS – diluted ($)	**1.17**	1.14
EPS based on Underlying Profit[1] – basic ($)	**1.21**	1.18
EPS based on Underlying Profit[1] – diluted ($)	**1.17**	1.18

1 Alternative Performance Measures (APMs) are used to assess the performance of the Group and are not defined or specified under IFRS. For further information on APMs, including justification for their use, please refer to the APMs section on page 54.

Basic EPS (both Ordinary EPS and EPS based on Underlying Profit) is calculated by dividing net profit or Underlying Profit for the period attributable to equity holders of the Company by the weighted average number of ordinary shares of 20 pence each outstanding during the year. Purchases of the Company's shares by the Employee Benefit Trust and by the Company under any share buy-back programmes are held in treasury and treated as own shares.

For the purposes of calculating diluted EPS, it is assumed that the $225 million Deferred Consideration arising on the acquisition of the Baimskaya copper project (see note 5(a)) will be settled in 21.0 million shares, reflecting the Group's ability to waive the Project Delivery Conditions that are not met and settle in shares.

The resulting 21,009,973 potential ordinary shares were weighted over the period they were outstanding, from acquisition on 22 January 2019 to 31 December 2019, providing an additional 19,801,180 shares included in the calculation of diluted EPS. To the extent these conditions are not met or waived by the Group and therefore not settled in shares, the Deferred Consideration will become payable in cash on 31 March 2029.

Further information relating to EPS based on Underlying Profit is in the Financial review on page 19.

11. Dividends

(a) Dividends paid

The dividends paid during the years ended 31 December 2019 and 2018 are as follows:

	Per share US cents	Amount $ million
Year ended 31 December 2019		
Interim dividend in respect of year ended 31 December 2019	**4.0**	**19**
Final dividend in respect of year ended 31 December 2018	**6.0**	**28**
Year ended 31 December 2018		
Interim dividend in respect of year ended 31 December 2018	6.0	27

The interim dividend of $19 million in respect of the year ended 31 December 2019 and the final dividend of $28 million in respect of the year ended 31 December 2018 was paid to shareholders on the register which included the new shares issued in January 2019 as part settlement of the acquisition of the Baimskaya copper project.

(b) Dividends declared after the balance sheet date

	Per share US cents	Amount $ million
Recommended by the Directors on 19 February 2020 (not recognised as a liability at 31 December 2019)		
Final dividend in respect of year ended 31 December 2019	**8.0**	**38**

12. Other non-current assets

$ million	2019	2018
Non-current inventories[1]	**176**	127
Advances paid for property, plant and equipment and mining assets	**144**	147
Non-current VAT receivable[2]	**15**	11
Long-term bank deposits[3]	**4**	3
Other long-term advances[4]	**–**	15
Gross value of other non-current assets	**339**	303
Provision for impairment	**(1)**	(2)
	338	301

1 Non-current inventories comprise ore stockpiles that are expected to be processed in excess of 12 months from the balance sheet date and relate mainly to clay ore at Bozshakol and low grade sulphide ore at Aktogay.
2 Comprises VAT incurred at Bozymchak which is subject to audit and other administrative procedures prior to refund, with anticipated refund dates in excess of 12 months from the balance sheet date.
3 Long-term bank deposits are monies placed in escrow accounts with financial institutions in Kazakhstan and Kyrgyzstan as required by the Group's site restoration obligations.
4 Other long-term advances of $15 million at 31 December 2018 related to amounts transferred to the Baimskaya copper project for study costs which were reclassified to mining assets on Initial Completion of the Baimskaya copper project (see note 5(a)).

13. Share capital and reserves

(a) Allotted share capital

	Number	£ million	$ million
Allotted and called up share capital – ordinary shares of 20 pence each			
At 1 January 2018, 31 December 2018 and 1 January 2019	458,379,033	92	171
Shares issued	**22,344,944**	**4**	**6**
At 31 December 2019	**480,723,977**	**96**	**177**

On 22 January 2019, the Company issued 22,344,944 KAZ Minerals PLC shares allotted as part of the Initial Consideration for the Baimskaya copper project (see note 5(a)). The issued share capital was fully paid.

During the year, 1,859,786 (2018: 1,396,856) treasury shares were used to satisfy awards under the Company's Save As You Earn ('SAYE'), Long Term Incentive Plans ('LTIP') and Deferred Share Bonus Plan ('DSBP') schemes. At 31 December 2019, the Company holds 8,287,104 (2018: 10,146,890) ordinary shares in treasury and the issued share capital of the Company which carries voting rights of one vote per share, comprised 472,436,873 (2018: 448,232,143) ordinary shares (excluding treasury shares).

(b) Own shares purchased under the Group's share-based payment plans

The provision of shares to the Group's share-based payment plans is facilitated by an Employee Benefit Trust (the 'Trust'). The cost of shares purchased by the Trust is charged against retained earnings as treasury shares. The Trust has waived the right to receive dividends on these shares. The Company made no purchases through the Trust in 2019 or 2018. No shares (2018: 14,565) were transferred out of the Trust in settlement of share awards granted to employees that were exercised during the year. Following approval from shareholders, shares held in treasury will be used to settle future awards.

At 31 December 2019, the Group, through the Trust, owned 5,162 shares in the Company (2018: 5,162) with a market value of $36 thousand and a cost of $79 thousand (2018: $35 thousand and $79 thousand respectively). The shares held by the Trust represented less than 0.01% (2018: 0.01%) of the issued share capital at 31 December 2019.

(c) Capital reserves

$ million	Notes	Currency translation reserve	Capital redemption reserve	Deferred Consideration reserve	Total
At 1 January 2018		(2,060)	31	–	(2,029)
Exchange differences on retranslation of foreign operations		(428)	–	–	(428)
At 31 December 2018		(2,488)	31	–	(2,457)
Exchange differences on retranslation of foreign operations		**65**	**–**	**–**	**65**
Deferred Consideration on acquisition of the Baimskaya copper project	5(a)	**–**	**–**	**225**	**225**
Part disposal of subsidiary	5(b)	**9**	**–**	**–**	**9**
At 31 December 2019		**(2,414)**	**31**	**225**	**(2,158)**

(i) Currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of subsidiaries whose functional currency is not the US dollar into the Group's presentation currency. The increase in the US dollar value of the Group's foreign currency operations of $65 million (2018: decrease of $428 million) follows a 1% increase in the value of the tenge from 31 December 2018 to 31 December 2019.

(ii) Capital redemption reserve

As a result of the share buy-back programme undertaken in 2008 and the repurchase of Company shares in 2013, transfers were made from share capital to the capital redemption reserve based on the nominal value of the shares cancelled.

(iii) Deferred Consideration reserve

On 22 January 2019, the Group announced the Initial Completion of the acquisition of the Baimskaya copper project in the Chukotka region of Russia (see note 5(a)). The Deferred Consideration of $225 million represents the purchase price for the remaining interest in Baimskaya and is payable in 21.0 million shares, subject to the achievement of certain Project Delivery Conditions, including a pre-determined level of throughput and development of infrastructure by the Russian state. To the extent these conditions are not met or waived by the Group and therefore not settled in shares, the Deferred Consideration will become payable in cash on 31 March 2029.

The Deferred Consideration has been included within equity as a separate share-based payment reserve, representing the Group's ability to settle this amount through the issue of 21.0 million shares, measured according to the fair value of the asset acquired on Initial Completion. If the Group decides not to waive any outstanding conditions and settle the Deferred Consideration in cash, the cash payment will be accounted for as the repurchase of an equity interest.

14. Non-controlling interests

Non-controlling interests that are material to the Group are reflected in the table below, relating to the transfer of a 19.4% equity stake in KAZ Minerals Koksay B.V., the parent company of the entity which holds the Koksay mining licence in Kazakhstan, to NFC in July 2019. The principal operations of KAZ Minerals Koksay B.V. relate to the Koksay exploration licence located in Kazakhstan.

Summarised financial information on a 100% basis for Koksay is as follows:

$ million	2019	2018
Non-current assets	**243**	236
Current assets[1]	**64**	25
Non-current liabilities	**(3)**	(3)
Current liabilities	**(1)**	(25)
Net assets	**303**	233
Attributable to non-controlling interests	**59**	–
Attributable to KAZ Minerals PLC	**244**	233
Loss for the year	**(1)**	(1)
Attributable to non-controlling interests	**–**	–
Attributable to KAZ Minerals PLC	**(1)**	(1)
Net increase in cash and cash equivalents	**39**	24
Net cash flows used in operating activities	**(1)**	–
Net cash flows used in investing activities	**(5)**	(1)
Net cash flows from financing activities	**45**	25

1 Current assets comprise cash and cash equivalents of $64 million (2018: $25 million) which are to be used solely for the investment into the Koksay project (see note 5(b)).

In addition, non-controlling interests that were not material to the Group were $4 million at 31 December 2018.

15. Borrowings

	Maturity	Average interest rate during the year	Currency of denomination	Current $ million	Non-current $ million	Total $ million
31 December 2019						
CDB-Bozshakol and Bozymchak (US$ LIBOR + 4.50%)	2025	7.06%	US dollar	**180**	**985**	**1,165**
CDB-Aktogay facility (PBoC 5 year)	2028	5.42%	CNY	**12**	**85**	**97**
CDB-Aktogay facility (US$ LIBOR + 4.20%)	2029	6.69%	US dollar	**105**	**1,012**	**1,117**
Pre-export finance facility (US$ LIBOR + 3.00% to 4.50%)	2021	5.30%	US dollar	**200**	**100**	**300**
DBK-Aktogay facility (US$ LIBOR + 4.50%)	2025	7.11%	US dollar	**43**	**191**	**234**
DBK-Aktogay expansion facility (US$ LIBOR + 3.90%)	2034	5.98%	US dollar	**–**	**315**	**315**
CAT facility (US$ LIBOR + 3.00% to 4.50%)	2024	4.91%	US dollar	**5**	**67**	**72**
				545	**2,755**	**3,300**
31 December 2018						
CDB-Bozshakol and Bozymchak (US$ LIBOR + 4.50%)	2025	6.65%	US dollar	180	1,165	1,345
CDB-Aktogay facility (PBoC 5 year)	2028	5.17%	CNY	12	98	110
CDB-Aktogay facility (US$ LIBOR + 4.20%)	2029	6.45%	US dollar	105	1,116	1,221
Pre-export finance facility (US$ LIBOR + 3.00% to 4.50%)	2021	4.97%	US dollar	200	300	500
DBK-Aktogay facility (US$ LIBOR + 4.50%)	2025	6.70%	US dollar	42	235	277
				539	2,914	3,453

CDB-Bozshakol and Bozymchak facilities

At 31 December 2019, $1.2 billion (2018: $1.3 billion) was drawn under the facility agreements. The facilities accrue interest at US$ LIBOR plus 4.50% and arrangement fees with an amortised cost at 31 December 2019 of $9 million (2018: $12 million) have been netted off against these borrowings in accordance with IFRS 9 '*Financial Instruments*'. During 2019, $183 million of the borrowing was repaid, with $180 million due to be repaid within 12 months of the balance sheet date (including $3 million of unamortised debt costs). The facility is repayable in semi-annual instalments in January and July with final maturity in 2025. KAZ Minerals PLC acts as guarantor of the facilities.

CDB-Aktogay facilities

The CDB-Aktogay facilities consist of a CNY 1.0 billion facility and a $1.3 billion US dollar facility.

At 31 December 2019, the drawn US dollar equivalent amount under the CNY facility was $97 million (2018: $110 million). The facility accrues interest at the applicable benchmark lending rate published by the People's Bank of China. This facility is repayable in semi-annual instalments in March and September of each year until final maturity in 2028. $12 million was repaid in 2019, while $12 million is due to be repaid within 12 months of the balance sheet date. To protect the Group from currency risks arising on the CNY denominated debt, the Group has entered into CNY/US$ cross currency swaps for a portion of the exposure. This derivative instrument provides a hedge against movements in the CNY exchange rate against the US dollar and also swaps the interest basis from a CNY interest rate into a US$ LIBOR interest basis. The fair value of the swaps at 31 December 2019, included within payables, is $12 million (2018: $12 million).

The US dollar facility accrues interest at US$ LIBOR plus 4.20%. At 31 December 2019, $1.1 billion (2018: $1.2 billion) was outstanding under the facility. Arrangement fees with an amortised cost of $9 million (2018: $11 million) have been netted off against these borrowings in accordance with IFRS 9. The facility is repayable in semi-annual instalments in March and September until final maturity in 2029. During 2019, $107 million was repaid, with $105 million due to be repaid within 12 months of the balance sheet date (including $2 million of unamortised debt costs). KAZ Minerals PLC acts as guarantor of both facilities.

PXF facility

At 31 December 2019, $300 million (2018: $500 million) was drawn under the PXF facility. The facility accrued interest using a variable margin of between 3.00% and 4.50% above US$ LIBOR, dependent on the ratio of net debt to EBITDA tested semi-annually. Principal repayments commenced in July 2018 and were to continue in equal monthly instalments over a three-year period until final maturity in June 2021. During 2019, $200 million of the borrowing was repaid. At 31 December 2019, $200 million was due to be repaid within next 12 months. KAZ Minerals PLC, Vostoktsvetmet LLC and KAZ Minerals Sales Limited act as guarantors of the facility.

On 28 January 2020, the Group completed an amendment and extension of the PXF which includes an increase in facility commitments to $1.0 billion, an extension of the loan tenor and a reduction in the facility margin (see note 21(a)).

DBK-Aktogay facilities

On 14 June 2019, the Group entered into a $600 million credit facility agreement with DBK relating to the Aktogay expansion project. The Group also has an existing $300 million facility with DBK relating to the original Aktogay project. KAZ Minerals PLC acts as guarantor of these facilities.

The $600 million facility will be drawn in accordance with capital expenditure incurred on certain contracts committed for the Aktogay expansion project, with $320 million drawn at 31 December 2019. Arrangement fees with an amortised cost of $5 million have been netted off against these borrowings in accordance with IFRS 9. The facility extends for a term of 15 years and accrues interest at a rate of US$ LIBOR plus 3.90%. The facility is repayable in instalments with the first repayment due in June 2022, followed by semi-annual repayments in May and November of each year from November 2022 until the final repayment in 2034.

The $300 million facility with DBK was entered into in December 2016 and was fully drawn at 31 December 2016. The facility extends for a term of eight and a half years and accrues interest at US$ LIBOR plus 4.50%. The facility is repayable in semi-annual instalments in May and November with a final repayment in 2025. At 31 December 2019, $235 million (2018: $277 million) was drawn under the facility. Arrangement fees with an amortised cost of $1 million (2018: $1 million) have been netted off against these borrowings in accordance with IFRS 9. During 2019, $43 million of the borrowing was repaid, with $43 million due to be repaid within 12 months of the balance sheet date.

CAT facility

On 15 November 2019, the Group entered into a credit facility of up to $100 million with Caterpillar Financial Services (UK) Limited ('CAT'). At 31 December 2019, $74 million was drawn under the facility. Arrangement fees with an amortised cost of $2 million have been netted off against these borrowings in accordance with IFRS 9. The facility accrues interest with a variable margin of between 3.00% and 4.50% above US$ LIBOR, dependent on the ratio of net debt to EBITDA which will be tested semi-annually. It is comprised of two sub-facilities of $40 million and $60 million secured against existing and new Caterpillar equipment, which will be drawn between December 2019 and March 2021. Quarterly repayments for the existing drawing will commence in December 2020 until final maturity in 2024. KAZ Minerals PLC acts as guarantor of the facility.

Undrawn facilities

At 31 December 2019, $280 million remained to be drawn under the DBK-Aktogay expansion facility and $26 million remained to be drawn under the CAT facility. All other debt facilities were fully drawn at 31 December 2019 and 2018.

16. Other liabilities

$ million	**2019**	2018
Advance consideration	**–**	25
Payments for licences	**7**	9
Payables to NFC	**–**	19
Other	**8**	–
	15	53
Current	**3**	46
Non-current	**12**	7
	15	53

(a) Advance consideration

In June 2019, the Group received the remaining $45 million advance consideration from NFC in respect of the agreement for NFC to invest $70 million for a 19.4% equity stake in KAZ Minerals Koksay B.V., the parent company of the entity which holds the Koksay mining licence in Kazakhstan, as announced in June 2018. Following completion of the transaction in July 2019, the advance consideration was reclassified to equity, with NFC's interest in KAZ Minerals Koksay B.V. reflected as a non-controlling interest of $59 million, being its share of Koksay's net assets, and the remaining amount recognised directly within equity and attributed to the Group's shareholders (see note 5(b)).

(b) Payments for licences for mining assets

In accordance with its contracts for subsoil use, the Group is liable to repay the costs of geological information provided by the Government of Kazakhstan for licenced deposits. Some of these obligations are payable in tenge while others are payable in US dollars, depending on the terms of each subsoil use contract. The total amount payable by the Group is discounted to its present value using a discount rate of 7.6% for tenge (2018: 7.6%) and 4.0% for US dollar (2018: 4.0%) obligations. Under the subsoil use agreements, the historical cost payments amortise over a 10-year period and commence with first production.

(c) Payables to NFC

The Group previously reached an agreement with its principal construction contractor at Aktogay, NFC, to defer payment of $300 million, of which $281 million was settled in 2018 and the final $19 million was settled in 2019. The extended credit terms had been discounted using a rate of US$ LIBOR plus 4.20% on the estimated cost of services performed.

17. Consolidated cash flow analysis

(a) Reconciliation of profit before tax to net cash inflow from operating activities

$ million	Notes	2019	2018
Profit before tax		**726**	642
Finance income		**(18)**	(33)
Finance costs	8	**195**	245
Share-based payments		**3**	3
Depreciation, depletion and amortisation		**251**	251
Impairment losses	6	**5**	29
Unrealised foreign exchange loss/(gain)		**20**	(8)
Operating cash flows before changes in working capital and provisions		**1,182**	1,129
Decrease in non-current VAT receivable		**–**	3
Increase in inventories		**(161)**	(158)
Increase in prepayments and other current assets		**(113)**	(30)
(Increase)/decrease in trade and other receivables		**(51)**	4
(Decrease)/increase in trade and other payables and provisions		**(23)**	49
Cash flows from operations before interest and income taxes paid		**834**	997

(b) Cash and cash equivalents

$ million	2019	2018
Cash deposits with short-term initial maturities[1]	**517**	1,157
Cash at bank[2]	**24**	62
	541	1,219

1 Excludes term deposits with original maturity of greater than three months classified within current investments. Included within cash and cash equivalents is $64 million (2018: $25 million) which is to be used solely for the investment into the Koksay project (see note 5(b)).
2 At 31 December 2018, cash at bank of $2 million was restricted by legal or contractual arrangements and was excluded from the Group's measure of net debt (see note 17(c)).

(c) Movement in net debt

$ million	At 1 January 2019	**Cash flow**	**Other movements**	**At 31 December 2019**
Cash and cash equivalents	1,219	**(676)**	**(2)**	**541**
Less: restricted cash	(2)	**–**	**2**	**–**
Current investments	250	**(250)**	**–**	**–**
Borrowings[1]	(3,453)	**158**	**(5)**	**(3,300)**
Net debt[2]	(1,986)	**(768)**	**(5)**	**(2,759)**

$ million	At 1 January 2018	Cash flow	Other movements	At 31 December 2018
Cash and cash equivalents	1,821	(604)	2	1,219
Less: restricted cash	–	–	(2)	(2)
Current investments	–	250	–	250
Borrowings[1]	(3,877)	424	–	(3,453)
Net debt[2]	(2,056)	70	–	(1,986)

1 The cash flows on borrowings in 2019 reflect repayments on existing facilities of $545 million (2018: $424 million) and drawings of $387 million (2018: $nil), net of arrangement fees (see note 15). Other movements include non-cash amortisation of fees on borrowings of $6 million (2018: $6 million) and foreign exchange gains on the CDB-Aktogay CNY facility of $1 million (2018: $6 million).
2 APMs are used to assess the performance of the Group and are not defined or specified under IFRS. For further information on APMs, including justification for their use, please refer to the APMs section on page 54.

18. Financial instruments

The carrying amounts of financial assets and liabilities by categories are as follows:

$ million	Notes	2019	2018
Financial assets at amortised cost			
Long-term bank deposits	12	**4**	3
Other long-term advances	12	**–**	15
Trade and other receivables not subject to provisional pricing		**18**	13
Current investments	17(c)	**–**	250
Cash and cash equivalents	17(b)	**541**	1,219
		563	1,500
Financial assets at fair value through profit or loss			
Trade receivables subject to provisional pricing[1]		**158**	114
Financial liabilities at amortised cost			
Borrowings[2]	15	**(3,300)**	(3,453)
Other liabilities	16	**(15)**	(53)
Trade and other payables[3]		**(276)**	(211)
		(3,591)	(3,717)
Financial liabilities at fair value through profit or loss			
Derivative instrument[4]		**(12)**	(12)

1 Trade receivables subject to provisional pricing include a $12 million favourable adjustment (2018: $7 million adverse) arising from the marked to market valuation on provisionally priced contracts at the year end. These are measured according to quoted forward prices in a market that is not considered active, which is a level 2 valuation method within the fair value hierarchy.
2 The fair value of borrowings approximates its carrying value and is measured by discounting future cash flows using currently available interest rates for debt of similar maturities, which is a level 3 valuation method within the fair value hierarchy.
3 Excludes payments received in advance from customers, other taxes payable and MET and royalties payable that are not regarded as financial instruments.
4 Derivative financial instruments, representing a cross currency and interest rate swap, are measured according to inputs other than quoted prices that are observable for the derivative financial instrument, either directly or indirectly, which is a level 2 valuation method within the fair value hierarchy.

The fair values of each category of financial asset and liability are not materially different from their carrying values as presented.

19. Commitments and contingencies

(a) Legal claims

In the ordinary course of business, the Group is subject to legal actions and complaints. The Directors believe that the ultimate liability, if any, arising from such actions or complaints will not have a materially adverse effect on the financial condition or results of operations of the Group. As of 31 December 2019 and 2018, the Group was not involved in any significant legal proceedings, including arbitration, which may crystallise a material financial loss for the Group.

(b) Capital expenditure commitments

The Group has capital expenditure commitments for the purchase of property, plant and equipment as well as commitments under its mining subsoil agreements. The total commitments for property, plant and equipment at 31 December 2019 amounted to $537 million (2018: $724 million). These amounts relate mainly to the Aktogay expansion, the Artemyevsky expansion and the Baimskaya copper project, which reflect contractual commitments, not the minimum cost which would be incurred in the event of delay or cancellation.

(c) Tax audits

Historical tax years relating to various companies within the Group remain open for inspection during a tax audit. The tax authorities in Kazakhstan are able to raise additional tax assessments for five years after the end of the relevant tax period in respect of all taxes. In Kyrgyzstan, tax authorities are able to raise additional tax assessments for a period of six years after the end of the relevant tax period. In Russia, the tax authorities are able to raise additional tax assessments for a period of three years prior to the year of review. In all three jurisdictions, under certain circumstances, historical tax years may remain open for inspection for longer periods. A number of the Group's operating subsidiaries in Kazakhstan are currently undergoing or expected to undergo routine tax audits which could give rise to substantial tax assessments. As such, additional tax payments could arise for the Group.

20. Related party disclosures

(a) Transactions with related parties

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties, including Kazakhmys Holding Group, are disclosed below.

The following table provides the total amount of transactions which have been entered into with related parties for the relevant financial year:

$ million	Sales to related parties	Purchases from related parties	Amounts owed by related parties[1]	Amounts owed to related parties
Kazakhmys Holding Group				
2019	**1**	**113**	**3**	**4**
2018	4	101	3	2

1 No provision is held against the amounts owed by related parties at 31 December 2019 and 2018.

Kazakhmys Holding Group

The related party transactions and balances with companies which are part of the Kazakhmys Holding Group (a company owned by Vladimir Kim, a Director of the Company, and Eduard Ogay, a former Director of the Company) are provided under two Framework Service Agreements and in accordance with the Relationship Agreements. These include the provision of smelting and refining of the Group's copper concentrate at the Balkhash smelter, electricity supply and certain maintenance functions. Additionally, during 2019 the Group sold the Belousovsky concentrator and the associated site restoration obligation to a subsidiary of the Kazakhmys Holding Group for proceeds of less than $1 million, which resulted in no material gain or loss on disposal.

At 31 December 2019, the Group's joint operation, ICG, held cash and cash equivalents of $3 million (2018: $nil) with Bank RBK JSC (a company majority owned by Vladimir Kim, a Director of the Company). Joint operations are proportionally consolidated such that the Group's share of its cash and cash equivalents are included within the consolidated financial statements.

(b) Terms and conditions of transactions with related parties

Prices for related party transactions are determined by the parties on an ongoing basis depending on the nature of the transaction.

21. Post balance sheet events

(a) PXF facility

On 28 January 2020, the Group completed an amendment and extension of the PXF which includes an increase in facility commitments to $1.0 billion, an extension of the loan tenor and a reduction in the facility margin. The amendment represents a net increase of $700 million above the $300 million outstanding under the existing facility and the maturity profile is extended by 3.5 years, from June 2021 until December 2024 with two annual extension options which, if exercised, would extend final maturity of the facility to December 2025 or December 2026 respectively. The amended facility accrues interest at a variable margin of between 2.25% and 3.50% above US$ LIBOR (previously between 3.00% and 4.50% above US$ LIBOR), dependent on the ratio of net debt to EBITDA which will be tested semi-annually. Monthly repayments will commence in January 2021, with a final balloon repayment of one-third of the facility amount ($333 million) in December 2024, which will be amortised during 2025 and 2026 if the extension options are exercised. The Group expects to fully draw the facility in the first quarter of 2020.

(b) Dividends

On 19 February 2020, the Directors of the Company recommended a final dividend for the year ended 31 December 2019 of 8.0 USc per share. See note 11(b).

ALTERNATIVE PERFORMANCE MEASURES

Alternative Performance Measures (APMs) are measures of financial performance, financial position or cash flows that are not defined or specified under IFRS. APMs are used by the Directors internally to assess the performance of the Group and assist in providing relevant and useful information to users of the Annual Report and Accounts.

APMs are not uniformly defined by all companies, including those in the Group's industry. APMs used by the Group may not be comparable with similarly titled measures and disclosures made by other companies. APMs should be considered in addition to and not as a substitute for measures of financial performance, financial position or cash flows reported in accordance with IFRS.

The Group uses APMs to improve the comparability of information between reporting periods and segments, either by adjusting for special items which impact upon IFRS measures or by aggregating or disaggregating IFRS measures, to aid understanding of the Group's performance. The definition and relevance of the APMs used by the Group is set out below, which are consistent with the previous reporting period.

(a) EBITDA

EBITDA is defined as earnings before interest, taxation, depreciation, depletion, amortisation, MET and royalties and special items[1]. EBITDA is a key non-IFRS measure that the Directors use internally to assess the performance of the Group's segments and is viewed as relevant to capital intensive industries with long life assets. The Directors believe that the exclusion of MET and royalties provides an informed measure of the operational profitability given the nature of the taxes, as further explained in the 'Taxation' section on page 19. Special items are excluded to enhance the comparability of EBITDA and certain other APMs from period to period. This performance measure is one of the Group's KPIs, the relevance of which is shown on page 28 of KAZ Minerals' 2018 Annual Report and Accounts. A reconciliation to operating profit is provided in note 4(a)(i) to the condensed consolidated financial statements.

(b) Underlying Profit

Underlying Profit is defined as profit/loss excluding special items[1] and their resulting tax and non-controlling interest effects. This measure is considered to be useful as it provides an indication of the profit resulting from the underlying trading performance of the Group. Underlying Profit is reconciled from net profit attributable to equity holders of the Company on page 19 and as set out in note 10 to the condensed consolidated financial statements.

(c) EPS based on Underlying Profit

EPS based on Underlying Profit is profit/loss excluding special items[1] and their resulting tax and non-controlling interest effects, divided by the weighted average number of ordinary shares in issue during the period (see note 10 to the condensed consolidated financial statements). This is one of the Group's KPIs for measuring financial performance, the relevance of which is outlined on page 28 of KAZ Minerals' 2018 Annual Report and Accounts. A calculation of EPS based on Underlying Profit is included within note 10 to the condensed consolidated financial statements.

(d) Gross liquid funds

Gross liquid funds is defined as the aggregate of cash and cash equivalents and current investments less restricted cash.

$ million	**2019**	2018
Cash and cash equivalents	**541**	1,219
Current investments	**–**	250
Less: restricted cash	**–**	(2)
Gross liquid funds	**541**	1,467

(e) Net debt

Net debt is the excess of current and non-current borrowings over gross liquid funds. The Board uses this measure for the purposes of capital management. A reconciliation of net debt is included on page 20 and in note 17(c) to the condensed consolidated financial statements.

[1] Special items are defined as those items which are non-recurring or variable in nature and do not impact the underlying trading performance of the Group. In 2019, there were no special items (2018: $20 million). Special items are identified in note 7 in the condensed consolidated financial statements.

(f) Free Cash Flow

Free Cash Flow is net cash flow from operating activities, as reflected in the consolidated statement of cash flows on page 20, before capital expenditure and VAT associated with major growth projects less sustaining capital expenditure. This is one of the Group's KPIs for measuring financial performance, the relevance of which is outlined on page 28 of KAZ Minerals' 2018 Annual Report and Accounts. A reconciliation from net cash flows from operating activities is provided below.

$ million	**2019**	2018
Net cash flows from operating activities	**512**	673
Net VAT paid/(received) associated with major growth projects	**41**	(3)
Less: sustaining capital expenditure	**(142)**	(85)
Free Cash Flow	**411**	585

(g) Gross cash costs

Gross cash costs is defined as cash operating costs, including pre-commercial production costs, excluding purchased cathode plus TC/RC on concentrate sales, divided by the volume of own copper sales. Cash costs are a standard industry measure applied by most major copper mining companies. The Directors use gross cash costs to measure the performance of the Group in managing its costs. A reconciliation from revenues is shown below.

$ million (unless otherwise stated)	**2019**	2018
Revenues	**2,266**	2,162
Less: EBITDA – see note 4(a)(i)	**(1,355)**	(1,310)
Cash operating costs	**911**	852
Less: cash operating costs excluded from gross cash costs (including corporate)	**(37)**	(28)
Add: TC/RC on concentrate sales	**104**	115
Gross cash costs	**978**	939
Own copper sales (kt)	**316.9**	296.1
Gross cash costs ($/t)	**3,086**	3,171
Gross cash costs (USc/lb)	**140**	144

(h) Net cash costs

Net cash costs is defined as gross cash costs less by-product revenues, divided by the volume of own copper sales. This is one of the Group's KPIs for measuring cost performance, the relevance of which is outlined on page 29 of KAZ Minerals' 2018 Annual Report and Accounts. A reconciliation from gross cash costs is shown below.

$ million (unless otherwise stated)	**2019**	2018
Gross cash costs – see note (g) above	**978**	939
Less: by-product revenues – see note 4(b), excluding tolling revenues	**(442)**	(381)
Net cash costs	**536**	558
Own copper sales (kt)	**316.9**	296.1
Net cash costs ($/t)	**1,691**	1,884
Net cash costs (USc/lb)	**77**	85

(i) Maintenance spend per tonne of copper produced

Maintenance spend per tonne of copper produced is defined as sustaining capital expenditure, divided by copper production volumes. This is one of the Group's KPIs for measuring the efficiency of controlling sustaining capital expenditure, the relevance of which is outlined on page 29 of KAZ Minerals' 2018 Annual Report and Accounts. A reconciliation from capital expenditure included within the consolidated statement of cash flows is shown below.

$ million (unless otherwise stated)	**2019**	2018
Purchase of intangible assets – cash flow statement	**1**	2
Purchase of property, plant and equipment – cash flow statement	**737**	567
Investments in mining assets – cash flow statement	**122**	46
Less: expansionary and new project capital expenditure – see Financial review	**(718)**	(530)
Sustaining capital expenditure	**142**	85
Copper production (kt)	**311.4**	294.7
Maintenance spend per tonne of copper produced ($/t)	**456**	288

GLOSSARY

APMs
Alternative Performance Measures being measures of financial performance, financial position or cash flows that are not defined or specified under IFRS but used by the Directors internally to assess the performance of the Group

Baimskaya copper project
the mining licence covering the Peschanka copper deposit, located in the Chukotka region of Russia

Board or Board of Directors
the Board of Directors of the Company

Brexit
the UK's departure from the European Union

cash operating costs
all costs included within profit before finance items and taxation, net of other operating income, excluding MET, royalties, depreciation, depletion, amortisation and special items

CAT
Caterpillar Financial Services (UK) Limited, a subsidiary of Caterpillar Financial Services Corporation and Caterpillar Inc.

CDB or China Development Bank
China Development Bank Corporation

CIS
Commonwealth of Independent States, comprising former Soviet Republics

CIT
corporate income tax

CNY
Chinese yuan, basic unit of the renminbi

CO_2
carbon dioxide

Committee or Committees
any or all of the Audit; Health, Safety and Sustainability; Remuneration; Nomination; and Projects Assurance Committees depending on the context in which the reference is used

Company or KAZ Minerals
KAZ Minerals PLC

Competent Person
a minerals industry professional responsible for preparing and/or signing off reports on exploration results and mineral resources and reserves estimates and who is accountable for the prepared reports. A Competent Person has a minimum of five years' relevant experience in the style of mineralisation or type of deposit under consideration and in the activity which that person is undertaking

Copper Equivalent Production
copper equivalent production units, consisting of copper production plus gold production converted into copper units, assuming analyst consensus long term average price forecasts of $6,700/t for copper and $1,300/oz for gold

DBK
Development Bank of Kazakhstan

Deferred Cash Consideration
$225 million in cash payable to the Vendor at the Long Stop Date, in lieu (in whole or in part) of payment of Deferred Equity Consideration at Final Completion, if and to the extent that the Project Delivery Conditions are not satisfied at the date of Commercial Production

Deferred Consideration
any Deferred Equity Consideration payable at Final Completion and any Deferred Cash Consideration payable at the Long Stop Date, with a total value of $225 million

Deferred Equity Consideration
up to 21,009,973 million KAZ Minerals shares to be issued to the Vendor or its nominee at Final Completion, if and to the extent that the Project Delivery Conditions are satisfied at the date of Commercial Production

Directors
the Directors of the Company

dollar or $ or US$
United States dollar, the currency of the United States of America

EBITDA
earnings before interest, taxation, depreciation, depletion, amortisation, MET and royalties and special items. A reconciliation to operating profit is in note 4(a)(i) of the consolidated financial statements

EPS
earnings per share

EPS based on Underlying Profit/(Loss)
profit/loss excluding special items and their resulting tax and non-controlling interest effects, divided by the weighted average number of ordinary shares in issue during the period (see note 10 of the consolidated financial statements)

EU
European Union

EUR
Euro, the currency of certain member states of the European Union

Final Completion
completion of the acquisition by KAZ Minerals of the remaining 25 per cent interest in the Baimskaya copper project, which will be at the earlier of (i) a date shortly after the date of Commercial Production and (ii) the Long Stop Date

Fluor
Fluor Corporation

Free Cash Flow
net cash flow from operating activities before capital expenditure and VAT associated with major growth projects less sustaining capital expenditure (see page 55 for a reconciliation to the closest IFRS based measure)

g/t
grammes per metric tonne

gross cash costs
cash operating costs, including pre-commercial production costs, excluding purchased cathode plus TC/RC on concentrate sales, divided by the volume of own copper sales

gross liquid funds
the aggregate amount of cash and cash equivalents and current investments less restricted cash

Gross Revenues
sales proceeds from all volumes sold, including pre-commercial production volumes

the Group
KAZ Minerals PLC and its subsidiary companies

IAS
International Accounting Standard

IASB
International Accounting Standards Board

ICG
Industrial Construction Group LLC

IFRIC
International Financial Reporting Interpretations Committee

IFRS
International Financial Reporting Standard

Initial Cash Consideration
$436 million in cash

Initial Completion
completion of the acquisition by KAZ Minerals of a 75 per cent interest in the Baimskaya copper project in the first half of 2019, after obtaining anti-monopoly and other regulatory approvals and satisfaction of certain other conditions

Initial Consideration
the Initial Cash Consideration and the Initial Equity Consideration payable at Initial Completion, with a total value of $675 million (at 31 July 2018)

Initial Equity Consideration
22,344,944 million new KAZ Minerals shares valued at $239 million at 31 July 2018

IRR
internal rate of return

JORC
Joint Ore Reserves Committee

JORC Code
the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, a professional code of practice that sets minimum standards for Public Reporting of Minerals Exploration Results, Mineral Resources and Ore Reserves

Kazakhmys Holding Group
Kazakhmys Holding Group B.V. the entity to which the Disposal Assets were transferred (formerly Cuprum Netherlands Holding B.V.), a company owned by Vladimir Kim, a Director of the Company, and Eduard Ogay, a former Director of the Company

Kazakhstan
the Republic of Kazakhstan

KAZRC
The Kazakhstan Code for the public reporting of Exploration Results, Mineral Resources and Mineral Reserves, sets out minimum requirements for public reporting by Kazakhstan mining and exploration companies

koz
thousand ounces

KPI
key performance indicator

kt
thousand metric tonnes

Kyrgyzstan
the Kyrgyz Republic

KZT or tenge
the official currency of the Republic of Kazakhstan

lb
pound, unit of weight

LBMA
London Bullion Market Association

LIBOR
London Interbank Offered Rate

Listing
the listing of the Company’s ordinary shares on the London Stock Exchange on 12 October 2005

Listing Rules
the Listing Rules of the UK Listing Authority

LME
London Metal Exchange

Long Stop Date
31 March 2029

major growth projects
the initial construction of Aktogay, Bozshakol, the Aktogay expansion project and the Baimskaya copper project

MET
mineral extraction tax

Moz
million ounces

Mt
million metric tonnes

net cash costs
gross cash costs less by-product Gross revenues, divided by the volume of own copper sales

net debt
the excess of current and non-current borrowings over gross liquid funds. A reconciliation of net debt is in note 17(c) of the consolidated financial statements

NFC
China Non Ferrous Metal Industry's Foreign Engineering and Construction Co., Ltd

NPV
net present value

ounce or oz
a troy ounce, which equates to 31.1035 grammes

PBoC
People's Bank of China

Project Delivery Conditions
conditions to the payment of Deferred Equity Consideration at Final Completion in lieu of payment of Deferred Cash Consideration at the Long Stop Date, which relate to state construction of transport and power infrastructure, confirmation of federal tax incentives and demonstration of year-round concentrate shipment from the port of Pevek on agreed terms

PXF
pre-export finance debt facility

Restructuring
the transfer, subject to certain consents and approvals, of the mining, processing, auxiliary, transportation and heat and power assets of the Group in the Zhezkazgan and Central Regions of Kazakhstan to Kazakhmys Holding Group, which was approved by shareholders at the General Meeting on 15 August 2014 and completed on 31 October 2014. The assets transferred included 12 copper mines, mine development opportunities, four concentrators, two smelters, two coal mines and three captive heat and power stations.

RMB
renminbi, the official currency of the People's Republic of China

$/t or $/tonne
US dollars per metric tonne

special items
those items which are non-recurring or variable in nature and which do not impact the underlying trading performance of the Group. Special items are set out in note 7 to the consolidated financial statements

SX/EW
solvent extraction and electrowinning, a two-stage metallurgy process used for the extraction of copper

t
metric tonnes

TC/RCs
treatment charges and refining charges for smelting and refining services

UK
United Kingdom

Underlying Profit/(Loss)
profit/loss excluding special items and their resulting tax and noncontrolling interest effects. Underlying Profit is set out in note 10 to the consolidated financial statements

US
United States of America

USc/lb
US cents per pound

Vendor
Aristus Holdings Limited, a company owned and controlled by a consortium of individual investors including Roman Abramovich and Alexander Abramov