RELATED PARTY TRANSACTIONS

Details of transactions between the Company and members of the Group or other connected parties are set out below.

Dividends

In 2010, the Company received dividends of US$55 million from Kazakhmys Sales Limited and $2,166 million from Kazakhmys Investments Limited. The Group received a total of US$62 million in 2010 from ENRC.

In 2009, the Company received dividends of US$17 million from Kazakhmys Sales Limited and US$1,894 million from Kazakhmys Investments Limited, as well as US$19 million from ENRC. The Group received a total of US$84 million from ENRC in 2009.

Intra-Group transactions

As at 31 December 2010, the Company was owed US$509 million by Kazakhmys Finance PLC, US$12 million by Kazakhmys Sales Limited and US$81 million by Kazakhmys Services Limited.

As at 31 December 2009, the Company was owed US$32 million by Kazakhmys Finance PLC, US$1 million by Kazakhmys Sales Limited and US$62 million by Kazakhmys Services Limited. As at 31 December 2009, the Company owed US$1,666 million to Kazakhmys Sales Limited.

Prices for intra-Group transactions are determined by the parties on an ongoing basis depending on the nature of the transaction.

Transactions with the Government

Share issue

On 24 July 2008, the Company issued 80,286,050 ordinary shares of 20 pence each to the Government, thereby making the Government a 15 per cent. shareholder of the Company.

On 4 October 2010, the Group's Chairman, Vladimir Kim, sold 58,876,793 ordinary shares, approximately 11.0 per cent. of Kazakhmys' shares in issue, to Samruk-Kazyna. As a result of the transaction, the Government's interest in the Group increased to 139,162,843 ordinary shares, representing approximately 26.0 per cent. of the shares in issue. The Government's interest is held via The State Property & Privatisation Committee's existing 15.0 per cent. holding and the 11.0 per cent. shareholding of Samruk-Kazyna.

Sale of 50 per cent. of Ekibastuz GRES-1 LLP to Samruk-Kazyna

On 10 December 2009 it was announced that the Group had agreed to dispose of 50 per cent. of Ekibastuz GRES-1 LLP, a 100 per cent.-owned subsidiary within the Kazakhmys Power Division, to Samruk-Kazyna, an entity wholly owned and controlled by the Government, for consideration of US$681 million. The transaction completed on 26 February

2010, and the Group has retained a non-controlling interest of 50 per cent. in the entity which has been accounted for as a joint venture since the date of completion. The main governing board of the joint venture is the supervisory board, which comprises four members, two from the Group and two from Samruk-Kazyna. The supervisory board makes decisions (which require unanimity) in respect of areas such as personnel, investments, reporting, budgets, sales, procurement and loans. Management of Ekibastuz is initially undertaken by a representative appointed by the Company for the first five years and will then rotate every five years. The appointment of the General Director and Audit Committee members will also rotate every five years. The Group and Samruk-Kazyna each have 50 per cent. of the voting rights and no party has overall control over Ekibastuz.

CDB/Samruk-Kazyna funding

On 13 October 2009, the Group announced that it was in discussions with CDB and Samruk-Kazyna regarding a potential loan facility. On 30 December 2009, the Company announced that it had secured a US$2.7 billion financing line with CDB and Samruk-Kazyna, allocated from a US$3.0 billion financing line agreed between CDB and Samruk-Kazyna. Of the US$2.7 billion secured for the Group, facility agreements were signed for US$2.1 billion on 30 December 2009, and for a further US$200 million on 12 January 2010, for the development of the Group's projects at Bozshakol and Bozymchak and other development projects, with the balance of US$400 million remaining available over the next three years. The US$2.7 billion financing line included a stipulation whereby US$100 million of the US$400 million balance could be utilised by Samruk-Kazyna for the funding of the Moynak hydro-electric plant in Kazakhstan. Samruk-Kazyna has now funded this asset through alternative means and the full US$400 million is available to Kazakhmys. Samruk-Kazyna has separately signed an agreement for US$300 million of the US$3.0 billion to be used elsewhere and not for the benefit of the Group. As part of this financing package, the Company, along with a subsidiary of Samruk-Kazyna, provided a guarantee in favour of CDB in respect of Samruk-Kazyna's obligations under the US$3.0 billion financing line, including 85 per cent. of the US$300 million which was not on-lent for the benefit of the Group.

The financing arrangements with CDB and Samruk-Kazyna were agreed on competitive terms, particularly given the prevailing market conditions and the difficulty experienced by CIS companies in accessing credit. Under the terms of the facility agreements, the Company secured a significant amount of funds on flexible and long dated terms which will be used to develop the Group's growth projects.

Samruk-Kazyna has signed facility agreements with Kazakhmys Finance PLC, a wholly owned subsidiary of the Company, pursuant to which Samruk-Kazyna will lend US$2.3 billion of the up to US$2.7 billion loan facility lent to it by CDB. It is intended that the remaining US$400 million will be lent by CDB to Samruk-Kazyna and on-lent by Samruk-Kazyna to Kazakhmys Finance PLC over the next three years for funding the development of the Group's projects approved by CDB and Samruk-Kazyna.

The agreements between Samruk-Kazyna and Kazakhmys Finance PLC operate 'back-to-back' with the agreements between CDB and Samruk-Kazyna, such that any payment (both interest and principal) by Kazakhmys Finance PLC to Samruk-Kazyna will result in a corresponding payment by Samruk-Kazyna to CDB. Other relevant terms, such as the period during which the loans are available and the termination dates of the agreements, also correspond. The funds are available for drawing anytime within a three-year period and once drawn will attract interest semi-annually at an annualised rate of USD LIBOR plus 4.8 per cent. The loans have a final maturity of between 12 and 15 years from the first drawdown and repayment of capital commences from the end of the third year following the first drawdown.

As part of the financing package, the Company and JSC Kazakhtelecom ('Kazakhtel'), a subsidiary of Samruk-Kazyna, have provided a guarantee to CDB for a maximum of US$2.0 billion of the US$3.0 billion of loans made and to be made by CDB to Samruk-Kazyna (the "Guarantee"). The Company's liability under the Guarantee is capped at US$1.7 billion of principal plus 85 per cent. of any interest and any other duly payable costs and expenses. Any payments under the Guarantee will be netted off against payments to be made by Kazakhmys Finance PLC under the loan agreements between it and Samruk-Kazyna. As the Guarantee is several and covers the separate US$300 million loan made by CDB to Samruk-Kazyna (but not lent on for the benefit of the Group), the Company will be liable as to 85 per cent. of that amount (i.e. up to US$255 million) if Samruk-Kazyna fails to make a payment due under that loan to CDB. Furthermore, the Company has granted a separate US$2.7 billion parent company guarantee to Samruk-Kazyna, pursuant to which the Company guarantees repayment of all amounts lent by Samruk-Kazyna to Kazakhmys Finance PLC, as is typical in such corporate loan facilities.

The guarantees under this facility took effect on 1 March 2010 following receipt of confirmation from the UK Listing Authority. The first draw down under the facility for US$300 million was made on 17 March 2010, with US$100 million of the funds being for the Bozymchak project in Kyrgyzstan and US$200 million of the funds being for the development of the Group's projects, other than Bozymchak and Bozshakol.

Other transactions

Throughout the normal course of business, the Group conducts transactions with entities controlled by the Government. The principal activities relate to the payment of electricity transmission fees, use of railway infrastructure and payments to tax authorities. Transactions between the Group and Government departments and agencies are considered to be connected transactions. Disclosure of these routine transactions is not made when all of the following criteria are met:

- they were done in the ordinary course of business of the Government department and/or company;
- there is no choice of suppliers; and
- they have terms and conditions (including prices, privileges, credit terms, regulations, etc.) that are consistently applied to all entities, public or private.

The Group did not have any non-arm's length or privileged transactions with entities controlled by the Government during 2010.

Other connected transactions

The Group operates a number of companies under trust management agreements with local and state authorities. The activities include heating distribution systems, road maintenance and aviation services. The purpose of these agreements is to provide public and social services without any material financial benefit for the Group. Transactions between the Group and these companies are conducted on an arm's length basis.

Transactions with other companies not otherwise summarised above primarily relate to the provision of goods and services, on an arm's length basis, with companies whose boards include members of senior management from the Group's subsidiaries.

In 2010, the Group entered into connected transactions relating to sales to companies under trust management worth US$13 million and to other companies worth US$3 million, and relating to purchases from companies under trust management worth US$8 million and from other companies worth US$23 million.

In 2009, the Group entered into connected transactions relating to sales to companies under trust management worth US$16 million and to other companies worth US$2 million, and relating to purchases from companies under trust management worth US$7 million and from other companies worth US$29 million.

As at 31 December 2010, the Company was owed US$47 million by companies under trust management and US$7 million by other connected companies. As at 31 December 2010, the Company owed US$2 million to companies under trust management and US$2 million to other connected companies.

As at 31 December 2009, the Company was owed US$41 million by companies under trust management and US$27 million by other connected companies. As at 31 December 2009, the Company owed US$2 million to companies under trust management and US$3 million to other connected companies.

During 2009 for commercial purposes, Kazakhmys LLC advanced amounts totalling US$25 million to Eduard Ogay, the Chief Executive of Kazakhmys LLC, who engaged third parties to negotiate with suppliers to ensure that competitive terms and pricing were being obtained for the benefit of Kazakhmys LLC. The third parties repaid US$5 million of the amounts advanced back to Eduard Ogay by 31 December 2009, who in turn repaid these amounts to Kazakhmys LLC, such that the amount outstanding at 31 December 2009 was US$20 million. This amount was repaid to Kazakhmys LLC by 29 March 2010. No further advances of this nature were made to Eduard Ogay by Kazakhmys LLC after 29 March 2010.

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

RELATED PARTY TRANSACTIONS

The Group's relationship with the Government of Kazakhstan

The nature of the Group's past and present relationships with Kazakhstan and its Government and other representatives has been formed by the following key factors:

(1) The Group has acquired certain of its assets, business activities and employees from Kazakhstan and the then State-owned enterprise, OJSC Zhezkazgantsvetmet, during the process of privatisation of Kazakhstan's industry. In the period preceding privatisation, all assets of the Group were owned by the State and all employees of the Group were employed by state-owned enterprises.

(2) In accordance with the laws of Kazakhstan, all subsoil reserves belong to the State. All subsoil use rights which form the legal basis for the Group's use of its core mining assets have not been granted to the Group in perpetuity and are subject to strict regulation by various governmental authorities. In addition to subsoil use rights, the Group is required to obtain and maintain various other public permits, authorisations and licences in order to operate in accordance with the laws and regulations of Kazakhstan. Certain assets of the Group have been classified as strategic assets or natural monopolies.

(3) The Group is one of the most significant companies with operations in Kazakhstan, representing over 2 per cent. of the country's GDP and employing over 60,000 people. The Group manages the largest social programme in Kazakhstan, supporting its workers and the communities around its operations. In 2010, the Group spent over US$200 million on social funding, including an additional expenditure on a new national library and education centre in Astana, a major one-off social project.

Further details relating to privatisation, the regulatory framework relating to the Group's businesses and the Group's social programme have been described in detail in the relevant sections of this Listing Document.

As a direct consequence of the above, the Group engages with the Government and various governmental authorities as part of its ordinary conduct of business. The representatives of the Group and the Government meet regularly in order to discuss matters relating to the Group's business, its corporate and social responsibilities (including matters relating to health and safety, environment and other areas of public relevance) as well as broader topics affecting the Group's industries, the various regions in which the Group operates and Kazakhstan in general.

In addition to the regular dealings with the Government of Kazakhstan in the ordinary conduct of the Group's business, the Group has entered into a number of material transactions with the Government. These transactions are listed below:

24 July 2008—The Company issued 80,286,050 Shares to the The State Property & Privatisation Committee of the Ministry of Finance of Kazakhstan, an entity owned and controlled by the Government, thereby making the Government a 15 per cent. Shareholder of the Company. The new Shares were issued to the Government as consideration for the transfer to the Company from the Government of 98,607,884 shares in ENRC. Mr. Daulet

Yergozhin was appointed to the Board of the Company as a non-executive director, representing the Government's 15 per cent. holding in the Company, with effect from 19 November 2008.

25 September 2009—The Group signed a term sheet which may, subject to satisfaction of various conditions precedent, allow the Group to acquire a 5 per cent. participation in a consortium which shall construct, own and manage a new coal fired power generation facility in the Balkhash region. The other members of the consortium are Samsung, the Korea Electric Power Corporation and Samruk-Kazyna. The purchase price payable by the Group for its 5 per cent. share in the project has been capped at US$5 million. At present, it is intended that construction will commence in 2015.

13 October 2009—The Company announced that it was in discussions with CDB and Samruk-Kazyna regarding a major unsecured loan facility. In June 2009, Samruk-Kazyna agreed a US$3 billion financing line with CDB, to be used for the development of infrastructure and resource projects in Kazakhstan. Following a memorandum of financial cooperation, signed between the Company, Samruk-Kazyna and CDB on 14 November 2009, US$2.7 billion of this line was allocated to projects of the Company. In December 2009, the Company signed facility agreements with Samruk-Kazyna for US$2.1 billion of the allocated funds and another facility agreement for additional US$200 million was signed in January 2010.

26 February 2010—The Company announced on 10 December 2009 that it would be selling a 50 per cent. stake in its Ekibastuz power plant to Samruk-Kazyna for US$681 million. The transaction completed on 26 February 2010. The Company and Samruk-Kazyna have agreed to create a joint supervisory board, and management positions will alternate between the Company and Samruk-Kazyna every five years. In the first five years following the transaction, the Company will appoint the management team whilst Samruk-Kazyna will appoint several key oversight positions. On 27 May 2010, Mr. Bakhytzhan Djaksaliyev and Mr. Valeriy Ogay were elected as members of supervisory board representing Samruk-Kazyna.

4 October 2010—The Group's Chairman, Vladimir Kim, sold 58,876,793 ordinary Shares, representing approximately 11.0 per cent. of the Company's Shares then in issue, to Samruk-Kazyna. As a result of this transaction, the Government's interest in the Group increased to 139,162,843 Shares, representing approximately 26.0 per cent. of the shares then in issue. The Government's interest is held via The State Property & Privatisation Committee's existing 15.0 per cent, holding and the 11.0 per cent. shareholding of Samruk-Kazyna.

The Group does not have any information as to the intentions of the Government in relation to its shareholding in the Company in the next 12 months after listing.