
HISTORY AND CORPORATE STRUCTURE

THE GROUP'S HISTORY AND DEVELOPMENT

There have been mining activities for many years in the areas where Kazakhmys Copper has operations. Operations at the Zhezkazgan Complex began in 1928 and at the Balkhash Complex in 1930. Smelting activities began in the 1930s at the Balkhash Complex and in 1971 at the Zhezkazgan Complex. Kazakhmys itself was formed in 1992 when the State-owned Zhezkazgantsvetmet Research and Production Association was reorganised into the Open Joint Stock Company Zhezkazgantsvetmet. This entity subsequently underwent a number of changes in legal form and name and took its current form and name of Kazakhmys Corporation in early 2005.

In 1992, OJSC Zhezkazgantsvetmet issued shares for the first time, and the Government reduced its stake in OJSC Zhezkazgantsvetmet to zero per cent. between 1992 and 2002 in a number of stages. Between 1992 and 1995, 20 per cent. of its share capital was transferred to employees and pensioners of OJSC Zhezkazgantsvetmet and to other investors. Over this period the Government retained the remaining 80 per cent. of the share capital. The Government sold its remaining holdings in a series of privatisation auctions and tenders between January 1996 and December 2002, whereby a 5 per cent. holding was sold by auction in January 1996, 40 per cent. was sold to the Samsung Group in May 1996, 10.35 per cent. was sold by auction in November 2001, and the remaining 24.65 per cent. was sold by auction in December 2002. The majority of the shares sold pursuant to the November 2001 and December 2002 auctions were ultimately acquired by OJSC Zhezkazgantsvetmet and cancelled at the time of its conversion to a limited liability company.

In June 1995, Samsung signed a Trust Management Agreement with the Kazakh State Property Committee for the management of OJSC Zhezkazgantsvetmet, including its constituent mining companies. While that agreement provided Samsung with various rights in respect of the State's shares (including pre-emptive rights on the State-owned shares at the time of privatisation), it did not transfer beneficial ownership of the shares to Samsung. As described above, Samsung acquired a 40 per cent. equity stake in OJSC Zhezkazgantsvetmet in a privatisation auction in May 1996. Samsung subsequently sold substantially all of its shareholding in OJSC Zhezkazgantsvetmet. In August 2004, OJSC Zhezkazgantsvetmet's shareholders resolved to convert OJSC Zhezkazgantsvetmet into a limited liability company and to de-list from the Kazakhstan Stock Exchange, on which the OJSC Zhezkazgantsvetmet shares had been admitted to listing in December 1998. Conversion and de-listing were completed by early 2005. In 2005, OJSC Zhezkazgantsvetmet was renamed Kazakhmys Corporation.

On 15 July 2004, KCC International PLC was incorporated in the U.K. to act as a new holding company, and in November of that year KCC International PLC made an exchange offer for the entire issued share capital of Kazakhmys Corporation. Pursuant to the offer, KCC International PLC acquired approximately 97 per cent. of the share capital of Kazakhmys Corporation. KCC International PLC renamed itself Kazakhmys PLC on 26 September 2005.

On 12 October 2005, the Company successfully listed on the premium segment of the Official List in London, and its Ordinary Shares were admitted to trading on the LSE, raising net proceeds of US\$491.2 million. The Company entered the U.K. FTSE 100 Index in December 2005, and its Ordinary Shares were admitted to trading on the Kazakhstan Stock Exchange on 14 November 2006.

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The Group, as it currently stands, is the result of a series of acquisitions made over the last decade. Since Kazakhmys listed on the LSE in October 2005, the key acquisitions completed by Group entities have included the following:

- Eastern Akzhar exploration block in western Kazakhstan (now Kazakhmys Petroleum) in April 2007;
- Eurasia Gold Inc. (now Kazakhmys Gold) in July 2007;
- an initial stake in ENRC in October 2007, followed by a share exchange with the Government in July 2008 and subsequent market purchases, bringing Kazakhmys' stake in ENRC to 26 per cent.; and
- Ekibastuz GRES-1 power station (now Kazakhmys Power) in May 2008, jointly owned with Samruk-Kazyna since February 2010.

Kazakhmys PLC is the holding company of all the companies in the Group, and its assets substantially comprise shares in and loans to such companies. It does not conduct any other business and is accordingly dependent on the other members of the Group and dividends received from them. The following table shows the principal operating subsidiaries of Kazakhmys, being those which are considered by Kazakhmys to be most likely to have a significant effect on the assessment of the assets and liabilities, financial position or profits and losses of Kazakhmys:

Subsidiary	Principal Activity	Operating Division	Country of Incorporation	Equity interest at 31 December (per cent.)		
				2008	2009	2010
Kazakhmys Corporation LLC . . .	Mining and processing copper	Kazakhmys Copper	Kazakhstan	99.7331 ⁽¹⁾⁽²⁾	99.7331 ⁽¹⁾⁽²⁾	99.7331 ⁽¹⁾⁽²⁾
Kazakhmys Sales Limited	Sales and logistics	Kazakhmys Copper	United Kingdom	100.0000	100.0000	100.0000
Dank LLP	Mining and processing gold	Kazakhmys Gold	Kazakhstan	100.0000 ⁽¹⁾	100.0000 ⁽¹⁾	100.0000 ⁽¹⁾
Charaltyn JSC	Exploration, mining and processing gold	Kazakhmys Gold	Kazakhstan	100.0000 ⁽¹⁾	100.0000 ⁽¹⁾	100.0000 ⁽¹⁾
Andas Altyn LLP	Mining and processing gold	Kazakhmys Gold	Kazakhstan	100.0000 ⁽¹⁾	100.0000 ⁽¹⁾	100.0000 ⁽¹⁾
Kazakhmys Gold Kyrgyzstan LLP	Gold mine development	Kazakhmys Gold	Kyrgyzstan	100.0000 ⁽¹⁾	100.0000 ⁽¹⁾	100.0000 ⁽¹⁾
Kazakhmys Petroleum LLP	Oil and gas exploration	Kazakhmys Petroleum	Kazakhstan	100.0000 ⁽¹⁾	100.0000 ⁽¹⁾	100.0000 ⁽¹⁾
Kazakhmys Finance PLC	Group financing	N/A	United Kingdom	100.0000	100.0000	100.0000
MKM Mansfelder Kupfer und Messing GmbH	Copper processing	MKM	Germany	100.0000 ⁽¹⁾	100.0000 ⁽¹⁾	100.0000 ⁽¹⁾
Ekibastuz GRES-1 LLP	Electric power generation	Kazakhmys Power	Kazakhstan	100.0000 ⁽¹⁾	100.0000 ⁽¹⁾	50.0000 ⁽¹⁾⁽³⁾
Maikuben West LLP ⁽⁴⁾	Coal mining	Kazakhmys Power	Kazakhstan	100.0000 ⁽¹⁾	100.0000 ⁽¹⁾	100.0000 ⁽¹⁾

(1) Indirectly held by Kazakhmys PLC.

(2) The remaining equity interest in Kazakhmys Corporation, which had been a listed company, is held by many minority shareholders.

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- (3) The remaining equity interest in Ekibastuz GRES-1 LLP is held by Samruk-Kazyna, which also provides financing to Kazakhmys Finance as part of the financing agreement between CDB, Samruk-Kazyna and Kazakhmys (see “Financial Information—Bank Debt—US\$2.7 billion financing facility”).
- (4) Maikuben West was classified as an asset held for sale during the entire year ended 31 December 2010 and the sale completed on 17 May 2011. The Group has not retained any interest in Maikuben West.

Associate	Principal Activity	Operating Divisions	Country of Incorporation	Equity Interest at 31 December (per cent.)		
				2008	2009	2010
ENRC	Diversified natural resources company performing mining, processing, energy, logistics and marketing operations	Ferroalloys; iron ore; alumina and aluminium; energy; other non-ferrous; logistics.	United Kingdom	26.0	26.0	26.0

Each subsidiary has one class of ordinary shares and operates mainly in its country of incorporation.

CORPORATE AND SHAREHOLDING STRUCTURE OF THE GROUP PRIOR TO THE INTRODUCTION

The current Substantial Shareholders of the Company are Cuprum Holding B.V. and the Government.

The current Major Shareholders of the Company are Cuprum Holding B.V., the Government, Axion Swiss Bank SA and Harper Finance Limited. Certain of the Directors have interests in Cuprum Holding B.V., Harper Finance Limited and Perry Partners S.A., as described in “Statutory and General Information—Disclosure of Interests” in paragraph 7 of Appendix VI, some of which holdings are held through a number of nominee accounts and therefore do not appear on the share register.

The following table shows the beneficial shareholdings of the Major Shareholders and the indirect holdings of Ordinary Shares of the Beneficial Owners as at the Latest Practicable Date.

Shareholder	Number of Ordinary Shares	Percentage of total Ordinary Shares ⁽¹⁾
Cuprum Holding B.V.	135,944,325	25.40
Perry Partners S.A.	13,362,470	2.50
Mr. Kim⁽²⁾	149,306,795	27.90
Harper Finance Limited	29,706,901	5.55
Kinton Trade Limited	5,216,522	0.97
Mr. Novachuk⁽³⁾	34,923,423	6.52
The Government⁽⁴⁾	139,162,843	26.00
Axion Swiss Bank SA	16,050,000	3.00

- (1) The percentage of the total Ordinary Shares is calculated on the basis of total Ordinary Shares of 535,240,338 as at the Latest Practicable Date.
- (2) Mr. Kim is interested in 27.90 per cent. of the total Ordinary Shares which he holds through the following shareholding vehicles of which he is the sole ultimate beneficial owner: 25.40 per cent. through Cuprum Holding B.V.; and 2.50 per cent. through Perry Partners S.A. Mr. Kim is a director of Cuprum Holding B.V.
- (3) Mr. Novachuk is interested in 6.52 per cent. of the total Ordinary Shares, which he holds through the following shareholding vehicles: 5.55 per cent. through Harper Finance Limited; and 0.97 per cent. through Kinton Trade Limited of which he is the sole ultimate beneficial owner.
- (4) The Government shares are held through The State Property and Privatisation Committee of the Ministry of Finance of the Republic of Kazakhstan and through Samruk-Kazyna.

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On 4 October 2010, Mr. Kim sold 58,876,793 shares, representing 11.00 per cent. of the total Ordinary Shares, to Samruk-Kazyna. Before the 4 October 2010 sale, Mr. Kim indirectly held 38.90 per cent. of the total Ordinary Shares and the Government indirectly held 15.00 per cent. of the total Ordinary Shares.