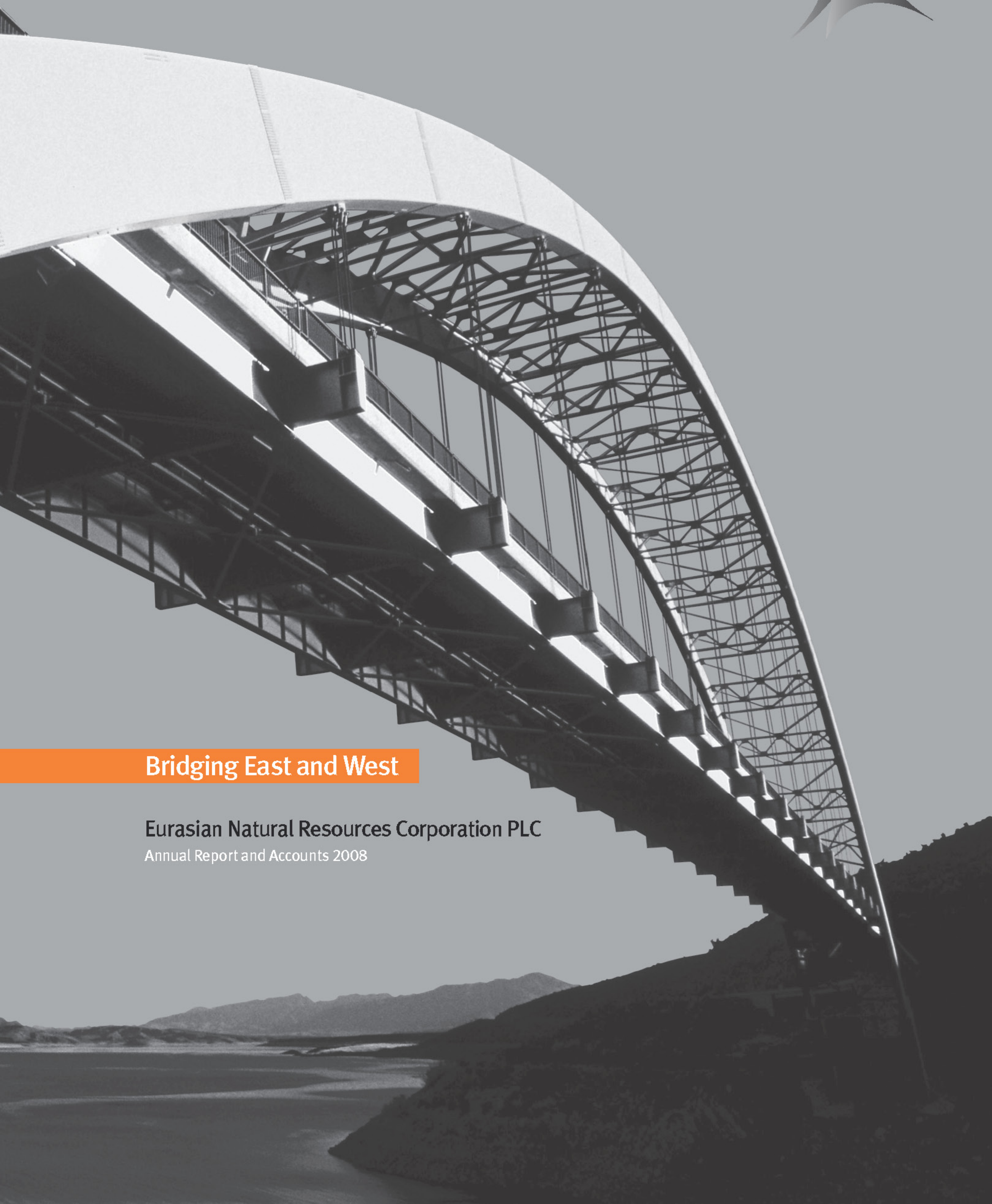
ENRC



Bridging East and West

Eurasian Natural Resources Corporation PLC

Annual Report and Accounts 2008

Kazakhstan – A Powerhouse in Central Asia

Since its independence in 1991, the Republic of Kazakhstan has emerged as a strong economic force, with average annual GDP growth of 9.5% to US$135 billion in 2008 from US$21.6 billion in 1998, underpinned by the country's vast oil, mineral and metal resources.

The country is geographically well positioned to benefit from the rise of a resource-hungry China and the emerging economy of Russia, the Republic of Kazakhstan's largest trade partners.

Building upon this strong foundation, the Government of the Republic of Kazakhstan has for some years been taking active measures to promote and sustain economic growth in more diverse sectors, providing additional attractive opportunities for foreign investors despite the current challenging economic environment. It has adopted the 'Kazakhstan-2030' strategy, which sets out a roadmap for the country's domestic and foreign policy, as well as the improvement of legal and tax systems.

The natural resources sector is the main destination for foreign investment in Kazakhstan and will remain a significant contributor into the economy of the country. Oil and gas constitute more than 60% of Kazakhstan's total exported goods, while the country possesses around 3% of the world's proven coal reserves, more than 25% of the world's total uranium reserves and about 30% of the world's chrome reserves.

There are a number of investment opportunities outside the extractive sectors of the economy, such as energy and transport. The Government of the Republic of Kazakhstan supports and encourages development of infrastructure projects.

The country plays a crucial role in the establishment of security and stability in Central Asia. The Government of Kazakhstan is currently working to acquire observer status at the Parliamentary Assembly of the Council of Europe (PACE) and to become a member of the World Trade Organisation (WTO). In 2010 the Republic of Kazakhstan will take over the presidency of the Organisation for Security and Cooperation in Europe (OSCE).

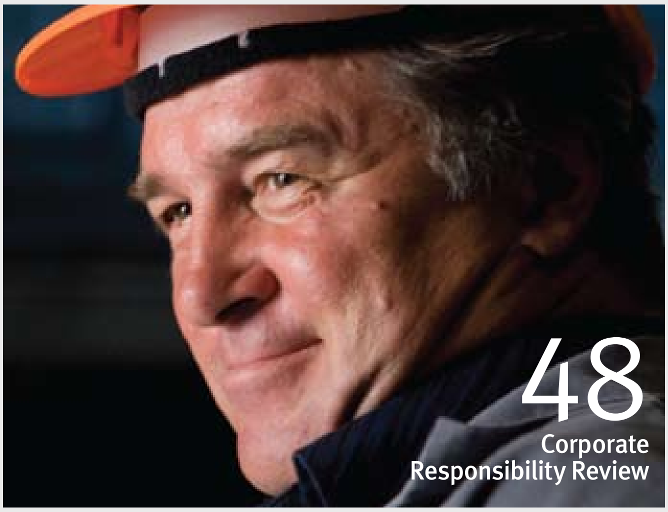
In order to mitigate the implications of the current global financial crisis on the economic and social situation in the Republic of Kazakhstan, the Government has announced the implementation of the Action Plan on Stabilisation of the country's economy and financial system for 2009–10. The main efforts will be directed to support the country's banks and their lending activities. The construction, manufacturing and agricultural sectors are also to receive support.

- Official name: the Republic of Kazakhstan
- Capital: Astana
- Location: Central Asia, northwest of China
- Area total: 2,717,300 sq km
- Boundaries total: 12,185km
- Border countries: China 1,533km, Kyrgyzstan 1,224km, Russia 6,846km, Turkmenistan 379km, Uzbekistan 2,203km
- Population: 15,778,160 (as of January 2009)
- Ethnic groups: Kazakh 53.4%, Russian 30%, Ukrainian 3.7%, Uzbek 2.5%, German 2.4%, Tatar 1.7%, Uygur 1.4%, other 4.9%.
- Languages: Kazakh (state language) 64.4%, Russian (official) 95%
- Currency: tenge (KZT)
- GDP (2008): US$135 billion
- GDP – composition by sector (2008 est): industry 39.4%, agriculture 5.8%, services 54.8%
- Exports (2008): US$71.2 billion (149% annual growth)
- Imports (2008): US$37.9 billion (115% annual growth)
- Export partners (2007): China 15.5%, Germany 11.5%, Russia 11.2%, Italy 7.2%, France 6.7%
- Import partners (2007): Russia 35.4%, China 22.1%, Germany 8%

Source: IFC Continent; State Bureau of Statistics, the Republic of Kazakhstan; Ministry of Finance of the Republic of Kazakhstan; World Bank; IMF; CIA Factbook; EIU.

Bayterek Tower, Astana. The monument is meant to embody a folktale about a mythical tree of life and magic bird of happiness

Contents



This report includes statements that are, or may be deemed to be, 'forward-looking statements'. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms 'believes', 'estimates', 'plans', 'projects', 'anticipates', 'expects', 'intends', 'may', 'will', or 'should' or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include matters that are not historical facts or are statements regarding the Group's intentions, beliefs or current expectations concerning, among other things, the Group's results of operations, financial condition, liquidity, prospects, growth, strategies, and the industries in which the Group operates.

Forward-looking statements are based on current plans, estimates and projections, and therefore too much reliance should not be placed upon them. Such statements are subject to risks and uncertainties, most of which are difficult to predict and generally beyond the Group's control. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. The Group cautions you that forward-looking statements are not guarantees of future performance and that if risks and uncertainties materialise, or if the assumptions underlying any of these statements prove incorrect, the Group's actual results of operations, financial condition and liquidity and the development of the industry in which the Group operates may materially differ from those made in, or suggested by, the forward-looking statements contained in this report.

In addition, even if the Group's results of operations, financial condition and liquidity and the development of the industry in which the Group operates are consistent with the forward-looking statements contained in this report, those results or developments may not be indicative of results or developments in future periods. A number of factors could cause results and developments to differ materially from those expressed or implied by the forward-looking statements including, without limitation, general economic and business conditions, industry trends, competition, commodity prices, changes in regulation, currency fluctuations, changes in business strategy, political and economic uncertainty.

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Highlights

- Strong growth for the first nine months of 2008 buoyed by strong commodity prices, particularly for ferroalloys and iron ore, and steady production growth.
- The new aluminium smelter achieved its Phase 1 capacity run rate of 125 thousand tonnes in Q2 2008, well ahead of schedule.
- Completed the acquisitions of the Serov group and certain related entities ('Serov') and of stakes in Xinjiang Tuoli Taihang Ferro-Alloy Co. ('Tuoli') and Bahia Minerals BV ('BML').
- Management took timely and decisive steps early in Q4 2008 to deal with the unprecedented economic downturn:
  - production cutbacks implemented (approximately 35% for ferroalloys and 50% for iron ore);
  - labour and raw material costs reduced;
  - expansionary capex projects deferred (total capex in 2008 was US$1.3 billion); and
  - first full year dividend (paid and proposed) of 31 US cents per share.

Revenue 2008

US$6,823 million

+66% (2007: US$4,106 million)

Profit before tax 2008

US$3,827 million

+190% (2007: US$1,321 million)

Underlying EBITDA 2008[1]

US$4,161 million

+117% (2007: US$1,918 million)

Profit after tax 2008

US$2,684 million

+230% (2007: US$814 million)

Underlying EBITDA margin 2008[2]

61%

+14 percentage points (2007: 47%)

EPS 2008

US cents 205

+160% (2007: US cents 79)

Net cash generated from operations

US$2,766 million

+156% (2007: US$1,079 million)

Net available funds[3]

US$2,041 million

+36% (2007: US$1,497 million)

[1] Underlying EBITDA: profit before finance income, finance costs including the related foreign exchange gains and losses, income tax expense, depreciation, amortisation and impairment, net losses on derivatives not qualifying for hedge accounting, share of income or loss on joint ventures and exceptional items.
[2] Underlying EBITDA margin: Underlying EBITDA as a percentage of revenue.
[3] Net available funds: Cash and cash equivalents plus term deposits and financial assets less outstanding debt (non-current and current).

ENRC at a glance
Focused operations

ENRC has established itself as one of the world's leading natural resources groups, and is well positioned to take a leading role in the global mining industry. Integrating the Republic of Kazakhstan's foremost mining, processing, power and logistics operations, ENRC is now firmly established as a world-class business with revenue in 2008 of US$6.8 billion, an ongoing capex programme that invested US$1.3 billion in 2008 and approximately 67,000 employees. The Group's strategy aims to bridge the Group's current position as a leading, diversified natural resource Group largely based in the Republic of Kazakhstan, to its future opportunities as a more broadly based international mining group.

1 Ferroalloys Division

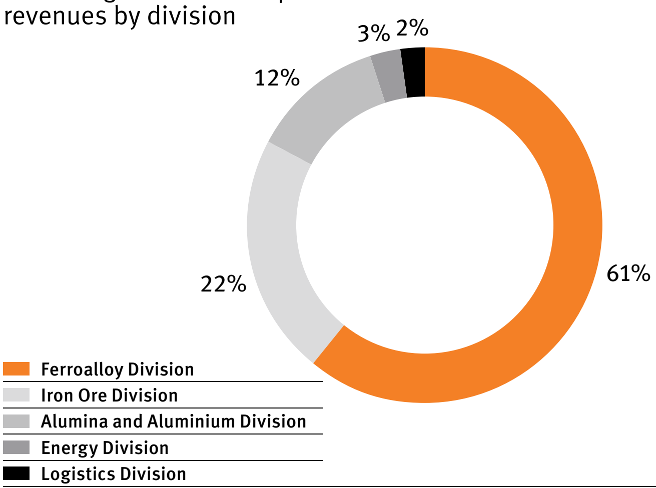
The Ferroalloys Division's mining operations comprise Kazchrome's Donskoy GOK and, manganese miner, Zhairem GOK, and also includes the Aktobe and Aksu ferroalloy plants and a gas-fired power station at Aktobe. In addition, in 2008, we acquired Serov, a Russian ferroalloys producer, and a stake in Tuoli, a ferroalloys producer in China. The Division produces and sells high-, medium- and low-carbon ferrochrome and other alloys, including ferrosilicochrome, ferrosilicomanganese and ferrosilicon, as well as chrome and manganese concentrate. The Division sells its ferroalloys primarily to steel producers and sells the remaining chrome and manganese ore to third party ferroalloy producers and the chemical and refractory industry. The Ferroalloys Division, according to estimates, is the world's largest ferrochrome producer by chrome content, and is at the bottom of the global industry cost curve.

2 Iron Ore Division

The Iron Ore Division includes primary mining operations that produce iron ore, ancillary mining operations that produce limestone, dolomite and bentonite-clay, an iron ore processing plant and a power plant. The Division mines and processes iron ore into concentrate and pellets for sale primarily to steel producers. The Iron Ore Division sells much of its iron ore to the Russian steel producer, the Magnitogorsk Iron and Steel Works, under a long-term contract. The Iron Ore Division, according to estimates, is one of the region's significant exporters of iron ore and is in the lowest third of the industry cost curve for iron ore pellet production.

Below
Ushkatyn III mine, Zhairem GOK, Zhairem, Karaganda region.
Key minerals: manganese (black), iron (red), clay (yellow), limestone (grey)

Percentage of total Group revenues by division



Percentage of total Group revenues by Division excludes inter-segment revenues.

3 Alumina and Aluminium Division

The Alumina and Aluminium Division's assets include two bauxite mining units, a limestone mine, an alumina refinery and a power station. The new aluminium smelter attained its Phase 1 run rate capacity of 125 thousand tonnes per annum in Q2 2008. The Division sells its alumina, which it produces from mined bauxite, primarily to the Russian aluminium producer, United Company RUSAL ('Rusal'), under a long-term contract, and sells its aluminium under an offtake agreement. The Alumina and Aluminium Division, according to estimates, is the ninth largest supplier of traded alumina by volume in the world and is at the lower end of the global industry cost curve for both alumina and aluminium.

4 Energy Division

The Energy Division is one of the largest producers of electricity and coal in the Republic of Kazakhstan, accounting for approximately 15% of the country's recorded electricity production in 2008. The Division has a coal-fired power station at Aksu. The Division supplies electricity and coal primarily to the Company's other Divisions as well as to third parties. The Division also purchases electricity for resale from third parties.

5 Logistics Division

The Logistics Division provides transportation and logistical services to the Group's primary operating divisions and to third parties. The Division's operations include three core businesses: freight forwarding; railway construction and maintenance; and wagon and locomotive repair. In addition, the Division operates a transfer and reloading terminal on the Republic of Kazakhstan/China border.

Total production statistics

Ferroalloys Division

Ferroalloy production (Kt)	
2008	1,551
2007	1,469
2006	1,398

Chrome ore production (Kt)	
2008	3,629
2007	3,687
2006	3,410

Iron Ore Division

Iron ore concenrate production (Kt)	
2008	15,487
2007	16,791
2006	16,113

Iron ore pellets production (Kt)	
2008	6,952
2007	8,572
2006	9,000

Alumina and Aluminium Division

Alumina production (Kt)	
2008	1,600
2007	1,537
2006	1,515

Aluminium production (Kt)	
2008	106
2007	12
	n/a

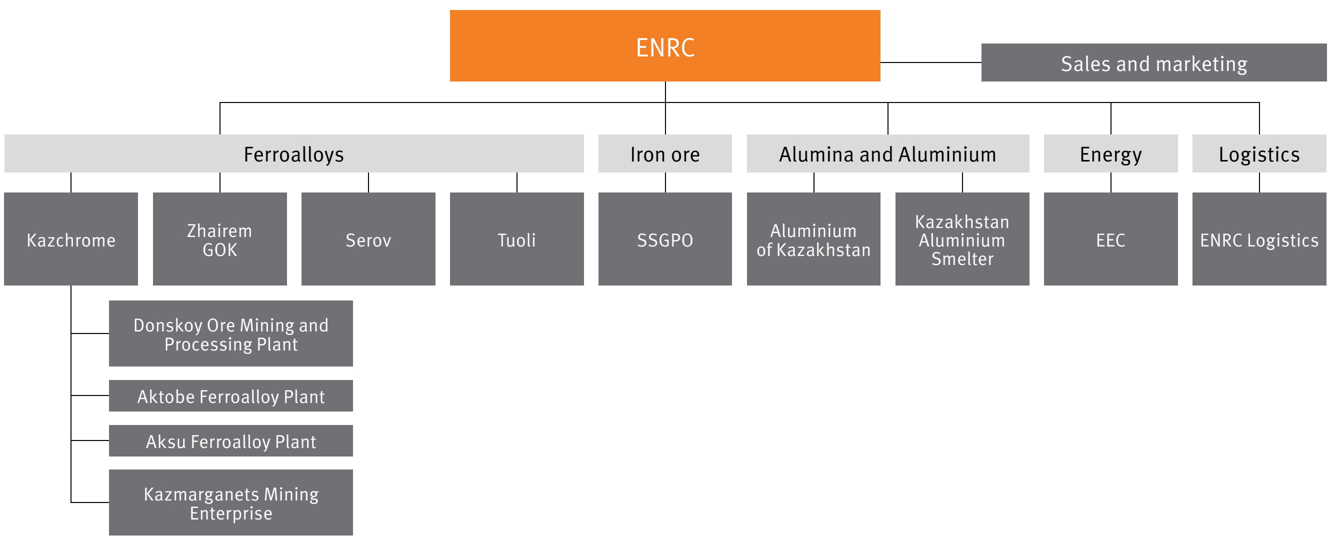
Energy Division

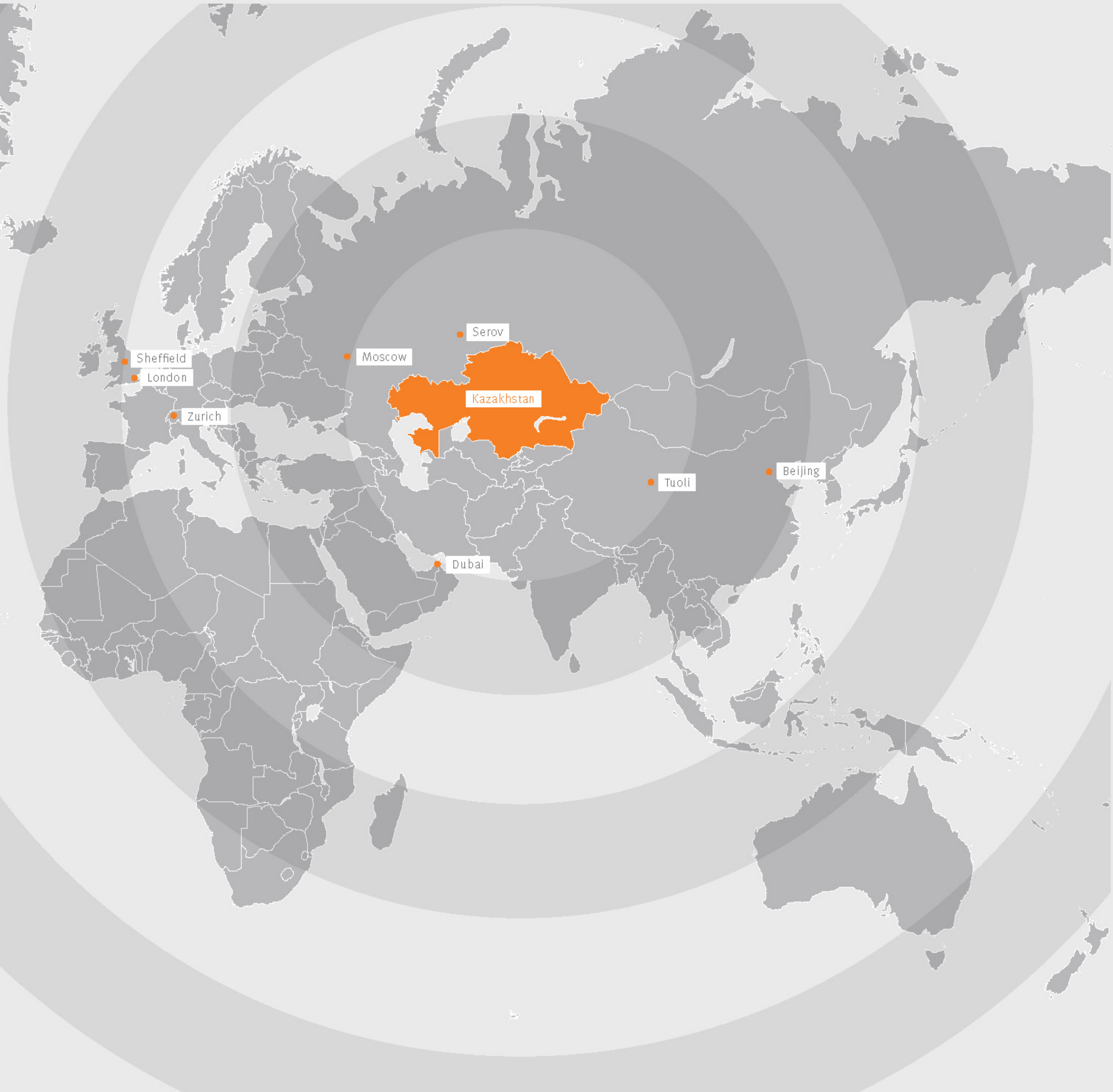
Coal production (Kt)	
2008	19,790
2007	18,442
2006	17,853

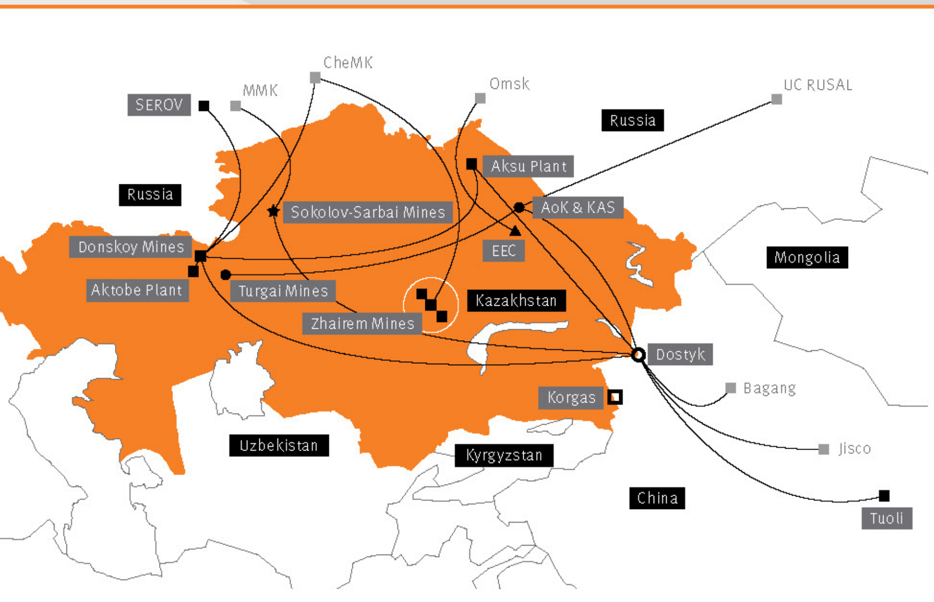
Electricity production (GWh)	
2008	11,640
2007	12,121
2006	11,499

Logistics Division

Railway transport (Kt)	
2008	58,489
2007	60,855
2006	61,700







Providing a captive customer base and exposure to rapidly growing markets

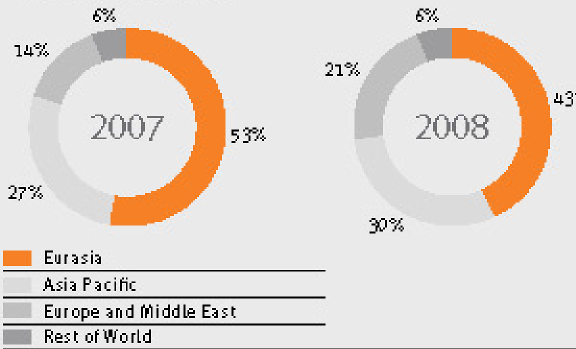
Ferroalloys	■ Donskoy Chrome Ore Mines ■ Zhairem Mines ■ Aktobe Ferroalloy Plant ■ Aksu Ferroalloy Plant ■ Serov (Russia) ■ Tuoli (China)
Iron ore	★ Sokolov-Sarbai Iron Ore Mines (SSGPO) ★ BML (Brazil)
Alumina and Aluminium	● Aluminium of Kazakhstan ('AoK') ● Kazakhstan Aluminium Smelter ('KAS') ● Turgai Bauxite Mines
Energy	▲ Eurasian Energy Corporation (EEC)
Logistics	○ Dostyk □ Korgas: future transhipment point
	■ Principal customers

ENRC at a glance
Bridging East and West

With our production centred in the Republic of Kazakhstan we are well positioned to extend our strong regional presence as the market for natural resources continues to shift eastwards towards the higher-growth potential of China and Russia. Initially our strategy was to become a regional champion and be recognised as a leading metals and mining company. With a strong balance sheet and attractive natural resource assets becoming available, we have broadened our view and accelerated the timescale for consideration of international opportunities.

ENRC benefits from the Republic of Kazakhstan's close proximity to two key BRIC economies

Segment third party revenue



Below
Loading manganese and ferromanganese concentrates, Zhairem GOK, Zhairem, Karaganda region

Bahia Mineracao Limitada (BML) expected to produce around 25 million tonnes of iron ore concentrate a year