11 November 2010

Eurasian Natural Resources Corporation PLC

November 2010 Interim Management Statement and Production Report for the Third Quarter Ended 30 September 2010

London – Eurasian Natural Resources Corporation PLC ('ENRC' or, together with its subsidiaries, the 'Group') today announces its November 2010 Interim Management Statement and its Production Report for the Third Quarter ended 30 September 2010.

Highlights for the 9 Months to 30 September 2010

- Production maintained at effectively full available capacity across all of our principal commodities. Continued increase in copper and cobalt production;
- Financial performance underpinned by strong production and sales volumes and a positive pricing environment;
- Balance sheet position remained strong; gross available funds of US$824 million.

Recent Developments and Outlook for the Full Year 2010

- Commodity driven growth and diversification strategy enhanced through the acquisitions of stakes in Camrose in Africa, and in Brazil, of BML, MIBA and MPB;
- Secured an additional US$0.5 billion of facilities to finance growth projects, with a further US$0.5 billion being finalised.
- Production expected to remain at full capacity in Q4 2010, with continued strong demand for the Group's products;
- Outlook remains largely unchanged from the Half Year. Revenue and cost growth broadly in line with expectations;
- Full year effective tax rate now expected to be approximately 28-29%;
- Planned capital expenditure to be approximately US$1.3 billion;
- Positive longer term economic outlook; growth in China and increased forecasts for stainless steel production strengthen the Group's position.

"During the period we continued to operate at full capacity and expect to do so for the remainder of the year, reflecting strong underlying demand for our products. Revenue and cost growth is broadly in line with our expectations. Cost management remains a priority for the Group in order to maintain our advantageous cost position. Overall the outlook remains largely unchanged and the Group is well positioned for further growth. We also secured significant funding to strengthen our ability to finance the Group's growth project pipeline."

I am pleased to report continued progress in our African operations, not least through the potential offered by exploration and the latest acquisitions. With our Camrose venture, the recent ruling of the ICC arbitration tribunal, removing prohibitions on the DRC transferring the KMT licence, further validates our comfort in our legal due diligence. Our recent iron ore acquisitions in Brazil will provide access to the seaborne iron ore trade and have built scale in this business. Our assets in Africa and Brazil, and our investment programme, will significantly enhance the growth potential of the Group." **Felix J Vulis, Chief Executive Officer**

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Interim Management Statement and Production Report Conference Call Details

The Chief Financial Officer's briefing will be available as a live conference call for investors and analysts at 09.00 (London time) on Thursday, 11 November 2010. The dial-in number for callers is +44 (0) 20 3059 5861, with the identifier, 'the ENRC call'. From shortly after the conference call there will be a replay available until 18 November 2010: Tel: +44 (0) 121 260 4861, access code: 8220001#. A recording of the briefing will be posted on the Investor Relations section of the Group's website, www.enrc.com, in due course.

Shortly after this announcement is released the Group will post on its Investor Relations website (at www.enrc.com) an update of its quarterly production data.

Results timetable

Wednesday, 2 February 2011	Q4 2010 Production Report
Wednesday, 23 March 2011	2010 Preliminary Results Announcement
Thursday, 12 May 2011	May 2011 Interim Management Statement and Q1 2011 Production Report
Wednesday, 8 June 2011	Annual General Meeting
Wednesday, 3 August 2011	Q2 2011 Production Report
Wednesday, 17 August 2011	2011 Half-year Results Announcement
Thursday, 10 November 2011	November 2011 Interim Management Statement and Q3 2011 Production Report

All future dates are provisional and subject to change.

About ENRC

ENRC is a leading diversified natural resources group, performing integrated mining, processing, energy, logistics and marketing operations. The operations comprise: the mining and processing of chrome, manganese and iron ore; the smelting of ferroalloys; the production of iron ore concentrate and pellet; the mining and processing of bauxite for the extraction of alumina and the production of aluminium; the production of copper and cobalt; coal extraction and electricity generation; and the transportation and sales of the Group's products. The Group's production assets are largely located in the Republic of Kazakhstan; other assets, notably the Other Non-ferrous Division, are mainly located in Africa; the Group also has iron ore assets in Brazil. The Group's entities, in H1 2010, employed approximately 71,090 (H1 2009: 64,160) people. In 2009, the Group accounted for approximately 3% of Kazakhstan's GDP. The Group currently sells the majority of its products to Russia, China, Japan, Western Europe and the United States. For the half year ended 30 June 2010, the Group had revenue of US$3,045 million (H1 2009: US$1,695 million) and profit attributable to equity shareholders of the Group of US$902 million (H1 2009: US$553 million). ENRC has six Divisions: Ferroalloys, Iron Ore, Alumina and Aluminium, Other Non-ferrous, Energy and Logistics. ENRC is a UK company with its registered office in London. ENRC's shares are quoted on the London Stock Exchange ('LSE') and the Kazakhstan Stock Exchange ('KASE'). For more information on ENRC visit the Group's website at www.enrc.com.

Forward-looking Statements

This announcement 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 announcement. 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 announcement, 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. Subject to the requirements of the Prospectus Rules, the Disclosure and Transparency Rules and the Listing Rules or any applicable law or regulation, the Group expressly disclaims any obligation or undertaking publicly to review or confirm analysts expectations or estimates or to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any changes in the Group's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

Disclosure and Transparency Rules

This Interim Management Statement ('IMS') and Production Report is prepared to meet the requirements of the Disclosure and Transparency Rules of the United Kingdom Financial Services Authority ('FSA') to provide additional information to shareholders. The IMS and Production Report should not be relied on for any other purpose or by any other party.

A copy of this announcement will be available on ENRC's website at www.enrc.com.

November 2010 Interim Management Statement ('IMS')

The information in the IMS, unless stated otherwise, relates to the nine months ended 30 September 2010, and is compared to the corresponding nine months of 2009. Save as set out in this statement, there have been no material events, transactions or changes to the financial position of the Group since 30 June 2010. The Group's performance trends from 30 September 2010 to date remain broadly consistent with those described herein.

Revenue

There was a significant increase in revenue during the first nine months of 2010 against the comparable period of 2009, due to increased sales volumes for our main products, higher prices for most of the Group's commodities and the inclusion for all of 2010 of the Other Non-ferrous Division.

Total ferroalloys production for the first nine months of 2010 was 39% above the prior year period, and the main Kazakhstani business operated at effectively full capacity. Sales volumes saw similarly good growth for ferroalloys and chrome ore. These, together with a very strong increase in realised prices, enabled the Ferroalloys Division to generate significantly higher revenue for the first nine months of 2010 than in the prior year period. Average ferroalloy prices in the first nine months of 2010 increased 40% on the comparable period of 2009; prices in Q3 2010 were 3% higher against Q2 2010.

Production in the Iron Ore Division remained at effectively full capacity. Total iron ore sales for the first nine months of 2010 saw good growth versus the comparable period, but with greater demand for the lower priced concentrate product. With the additional support of higher prices, revenue significantly exceeded the prior year period. Average realised prices in the first nine months of 2010 increased 53% on the comparable period, but decreased 7% in Q3 2010 against Q2 2010 as a result of a change in the product mix and slightly lower prices.

In the Alumina and Aluminium Division production and sales volumes were broadly stable for alumina, with 100% capacity utilisation. Aluminium volumes increased due to the smelter operating at its planned full capacity of 250 kt per annum from May 2010. Revenue for the first nine months of 2010 saw an exceptional increase on the comparable period of 2009, with greatly increased aluminium sales and higher prices. The average realised price for aluminium in the first nine months of 2010 increased 40% on the comparable period of 2009, but decreased 8% in Q3 2010 against Q2 2010.

The Other Non-ferrous Division was established in November 2009, with the inclusion of Chambishi from April 2010. The Division's volumes increased steadily throughout the period. Average realised prices for copper and cobalt metal increased by 19% and 8% respectively in Q3 2010 against Q2 2010.

Production in the Energy Division for the first nine months of 2010 was broadly similar to that in the comparable period of 2009. Coal sales volumes matched those of the comparable period, but with realised prices 18% higher. Third-party electricity sales volumes halved versus the comparable nine-month period, as the Group increased its internal consumption of electricity in line with growing production, particularly with the commissioning of Phase 2 of the aluminium smelter. The realised third party sales price for electricity increased 66% on the comparable period of 2009, as the Kazakhstani State regulated tariff price cap increased, largely offsetting the lower third party sales volumes.

Costs
There was a significant increase in total costs during the first nine months of 2010 against the comparable period of 2009. In the first nine months of 2010 the Group's cost of sales rose broadly at the same rate as in the first half of 2010. The growth in cost of sales was driven mainly by higher production volumes and the inclusion of the Other Non-ferrous Division. Higher realised sales prices contributed to an increased impact of the Mineral Extraction Tax ('MET'). Increased sales resulted in higher transportation volumes and resultant higher distribution costs. Selling, general and administrative expenses also saw a very strong rise, driven by higher consultancy fees and social spend.

In the Ferroalloys and Iron Ore Divisions, unit costs for the first nine months of 2010 were significantly above the prior year period, due mostly to higher MET. Excluding MET, unit costs were broadly at 2008 full year level. Aluminium unit costs for the first nine months of 2010 increased significantly on the prior year period as a result of higher prices for alumina, anodes and electricity. With increased production, unit costs fell steadily through Q3 2010 relative to the levels of H1 2010. The unit cost of coal for the first nine months of 2010 was substantially above the comparable period in 2009. In addition, the unit cost significantly increased in Q3 2010 against Q2 driven by growing stripping volumes and expenses for the overburden stripping complex launched in H1 2010.

Taxation
For the full year 2010 the Group's effective tax rate is expected to be approximately 28-29%. This is due to the effects of Excess Profits Tax, particularly in the Iron Ore Division, and a revaluation of deferred tax balances on proposed changes to the applicable Corporate Income Tax rates in Kazakhstan.

Balance Sheet
As at 30 September 2010 the Group had gross available funds of US$824 million. Total borrowings amounted to US$705 million. Subsequently, in October 2010, the Group signed a 3-year, US$500 million pre export finance loan facility, provided by a group of international banks. We are imminently expecting to finalise a 10-year, US$500 million loan facility with the Kazakhstan National Welfare Fund, 'Samruk Kazyna'.

Capital Expenditure
For the full year 2010 the Group expects to spend approximately US$1.3 billion, including sustaining capital expenditure of about US$0.4 billion. The decrease from our previous guidance of US$1.5 billion is due to the timing of certain projects.

Acquisitions
On 20 August 2010 the Group announced the purchase of 50.5% of the shares of Camrose Resources Limited for US$175 million. Camrose primarily holds indirect interests in five copper and cobalt exploitation licences situated in the Democratic Republic of Congo ('DRC').

Following ENRC's announcement of its acquisition of 50.5% of Camrose, First Quantum Minerals Limited ('FQM') made a number of statements in relation to the transaction and, specifically, about the transfer to Metalkol of the permit to exploit the Kolwezi Tailings site (known as 'KMT'). ENRC notes the recent interim ruling of the independent International Chamber of Commerce ('ICC') arbitration tribunal in relation to the dispute between the Democratic Republic of the Congo ('DRC') and FQM regarding KMT. Although ENRC is not a party to the arbitration proceedings, the tribunal's approval of the DRC's right to transfer the KMT licence at the centre of this dispute, further validates the extensive legal due diligence undertaken by ENRC before entering into the Camrose transaction.

On 21 September 2010 the Group announced that it had completed the purchase of the 50% of Bahia Minerals BV ('BMBV') (commonly referred to as the 'BML Project'), which ENRC did not already own, for a total net cash consideration of US$670 million. The BML Project holds iron ore licences in the Caetite region in the State of Bahia in Brazil. The Group also secured an option to purchase 100% of the outstanding shares of Greystone Mineração do Brasil Limitada ('Greystone'); the Group has since decided not to exercise this option.

On 18 October 2010 the Group announced the purchase of 100% of the shares of Mineração Minas Bahia SA ('MIBA'). In addition, the Group subscribed for new common shares representing 51% of the enlarged share capital of Mineração Peixe Bravo SA ('MPB'). The combined acquisitions and related deals have a total cash consideration of up to US$304 million.

Outlook

Our outlook for revenue and costs growth in 2010 remains broadly unchanged from our expectations at the time of our Half Year Results. We expect that production for the remainder of 2010 for our principal products will be at or near full capacity. Prices for the full year 2010 will be well ahead of those that prevailed in 2009. However, revenue growth in H2 2010 is being affected by a slowing pace of increase in prices and volumes relative to H1 2010.

Total cost growth in 2010 will reflect higher production volumes, the expansion of the aluminium smelter and the addition of the Other Non-ferrous Division. We are also experiencing significantly higher labour and other material costs and the impact of acquisition consultancy fees and social spend. Management anticipates unit costs of sales (excluding MET/Royalties) to be at approximately 2008 levels.

Overall, our confidence for the longer term remains supported by our view of the sustainability of Chinese GDP growth, at around 7-9%, and by growth in other emerging markets. The overall outlook for stainless steel growth remains good.

Notes

1. Total costs: cost of sales (including Minerals Extraction Taxes ('MET')); distribution costs; selling, general and administrative expenses; and other operating expense offset by other operating income.
2. Gross available funds: cash and cash equivalents plus term deposits and other financial assets and less investments in unquoted options and other restricted financial assets.
3. A 50% interest in Société Minière de Kabolela et Kipese Sprl ('SMKK') was acquired on 9 November 2009 as part of the CAMEC acquisition. SMKK was the title holder of some exploration permit assets contiguous to the Group's existing operations in the Democratic Republic of the Congo ('DRC'). At 31 December 2009, the provisional carrying value of the Group's investment in SMKK was US$75 million. In Q4 2009 the Group acquired an option, for a cash consideration of US$25 million, to purchase the outstanding 50% of the issued share capital of SMKK, by acquiring the entire issued share capital of Emerald Star Enterprises Limited the owner of the outstanding 50% of SMKK. The Group subsequently served notice to exercise this option. The total cash consideration in respect of the outstanding SMKK shares, inclusive of the US$25 million option, amounted to US$75 million. The transaction was completed on 22 June 2010.
4. In May 2010, the Group acquired an initial 12.2% interest in Northam Platinum Limited, a major South African platinum producer, for a total cash consideration of ZAR2.2 billion (approximately US$296 million). Subsequent to this the interest was increased and currently stands at 14.35%.
5. On 20 August 2010 the Group announced that its wholly owned subsidiary ENRC Congo BV had privately purchased 50.5% of the outstanding common shares of Camrose Resources Limited ('Camrose'). The Camrose shares were purchased from Silvertide Global Limited, Zanette Limited and Cerida Global Limited ('Cerida') which were held by the Gertler Family Trust. The consideration for the Acquisition was US$175 million. ENRC paid US$50 million in cash and issued promissory notes totalling US$125 million which mature between 9 months and 24 months. Camrose's assets are high quality copper and cobalt exploitation licences located in the DRC.
6. On 21 September 2010 the Group announced that it had completed the purchase of the outstanding 50% of the common shares of Bahia Minerals BV ('BMBV') (commonly referred to as the 'BML Project') from Ardila Investments NV ('Ardila'), a subsidiary of Zamin BM NV ('Zamin'), being the shares of BMBV which ENRC did not already own. BMBV is the sole shareholder of two Brazilian companies: Bahia Mineração Limitada ('BML') and Eire Mineração Limitada ('EML'). BML and EML are the only assets within BMBV, in the Caetite region in the State of Bahia in Brazil. The 50% interest in BMBV was acquired for a net cash consideration of US$670 million, after assuming net debt of approximately US$65 million. Payment of US$167.5 million was made at completion, from existing cash resources. The remaining US$502.5 million will be payable in two instalments, of US$167.5 million and US$335 million respectively. This is subject to the satisfaction of certain conditions. Following the completion of the Acquisition the Group owns 100% of BMBV. ENRC also secured an option to purchase 100% of the outstanding shares of Block V Limited and Caera Minerals Limited, which together own Greystone Mineração do Brasil Limitada ('Greystone') from Zamin for a cash consideration of no greater than US$150 million. Greystone holds a mineral licence adjoining the BMBV project area. The Greystone Option is exercisable up to and including the 15 November 2010; the Group has since decided not to exercise this option.
7. On 18 October 2010 the Group announced the purchase of 100% of the outstanding common shares of Mineração Minas Bahia SA ('MIBA'). In addition, the Group subscribed for new common shares representing 51% of the enlarged share capital of Mineração Peixe Bravo SA ('MPB'). The combined acquisitions and related deals had a total cash consideration of up to US$304 million, payable from ENRC's existing cash resources. The total Transaction consideration comprises US$250 million payable to the shareholders of MIBA - a group of individuals primarily composed of the Couri family (together, the 'Sellers') - and to MPB. In addition, up to US$54 million is payable to Steel do Brasil Participações SA ('Steel do Brasil'). The Transaction closed on 20 October 2010.
8. The Directors approved an interim dividend for the first six months of the year ended 30 June 2010 of US 12.5 cents per ordinary share in the Company. This was paid on Thursday, 7 October 2010 to all registered shareholders on the Register of Members as at the close of business on 27 August 2010.
9. The Kazakhstani tenge ('KZT') to US dollar ('US$') spot exchange rate as at 30 September 2010 was KZT147.57/US$1.00. The average exchange rate for the three months ended 30 September 2010 was KZT147.41/US$1.00 (three months to 30 September 2009: KZT150.76/US$1.00).

Production Report for the Third Quarter Ended 30 September 2010

The information in the Production Report, unless stated otherwise, relates to the three months ended 30 September 2010, and is compared to the corresponding three months ended 30 September 2009.

Overall Group production volumes for the quarter ended 30 September 2010 were higher for Ferroalloys and mostly in line for our other Divisions with those in Q3 2009, a period when there had already been a significant recovery in demand and in our production. Our Ferroalloys and Iron Ore Divisions in Kazakhstan continued to operate at effectively full available capacity. In the Alumina and Aluminium Division there was a further increase in aluminium volumes as the plant operated at its full Phase 2 production capacity for the first time for a full quarter. In the Other Non-ferrous Division, production of copper and cobalt continued to increase. Electricity generation decreased slightly, due to planned maintenance.

- **Ferroalloys Division.** Volumes for all alloy products showed very significant growth versus Q3 2009:
  - 14.0% increase for total ferroalloys;
  - 9.9% increase for ferrochrome; including 8.9% for high-carbon ferrochrome; and
  - Saleable chrome ore production decreased 7.8%.
- **Iron Ore Division.** Production volumes decreased slightly compared to Q3 2009:
  - 0.8% decrease for iron ore extraction;
  - 1.7% decrease for primary concentrate; and
  - the proportion of pellet in the saleable mix decreased, reflecting market demand, although there was a recovery in pellet demand towards the end of the quarter.
- **Alumina and Aluminium Division.** Bauxite extraction decreased 4.2% whilst alumina production increased 2.2% compared to Q3 2009. The Division produced 62 kt of aluminium, an increase of 100% compared to Q3 2009, as the full Phase 2 capacity was in operation.
- **Other Non-ferrous Division**. Saleable copper production in Q3 2010 was 5,948 t, saleable cobalt concentrate production was 2,173 t and saleable cobalt metal production from Chambishi was 1,190 t. The increased rate of production against Q2 2010 reflected higher ore grades.
- **Energy Division.** Coal extraction decreased 7.5% and electricity generation decreased 1.5% compared to Q3 2009. Internal sales rose 13.8% against Q3 2009 accompanying increased production in the Group's operating Divisions and the Aluminium smelter producing at the Phase 2 run rate.

  Logistics Division. The volume of goods transported by railway decreased 2.7% versus the comparable period in 2009.

The information set out in this Production Report, unless stated otherwise, relates to the three months ended 30 September 2010, and is compared to the corresponding three months ended 30 September 2009. Production volumes for Q2 2010 are provided for additional information. The acquisition of CAMEC as a subsidiary was effective from 9 November 2009. The Q2 2010 and Q3 2010 production data include the contribution of Chambishi for the full quarter. The acquisition of Chambishi was completed on 6 April 2010. The Q3 2010 production data includes the contribution of ore extracted from Société Minière de Kabolela et de Kipese ('SMKK')'s Kabolela North Pit that came into production in August 2010.

References to 't' in the Production Report are to metric tonnes unless otherwise stated and all references to 'kt' are to thousand metric tonnes unless otherwise stated.

Definition of Run of Mine ('RoM') extraction: uncrushed ore in its natural state, as when it is blasted.

FERROALLOYS DIVISION

Ore Mining and Processing

		Q3 2010	Q3 2009	*Q3 2010 v Q3 2009 % growth*	**Q2 2010**	*Q3 2010 v Q2 2010 % growth*
Chrome ore						
Ore extraction (Run of Mine, 'RoM')	000' t	**1,185**	1,204	*(1.6)%*	**1,271**	*(6.8)%*
Saleable ore production	000' t	**892**	967	*(7.8)%*	**861**	*3.6%*
Internal consumption of saleable ore	000' t	**813**	740	*9.9%*	**792**	*2.7%*
- percentage		***91.1%***	*76.5%*		***92.0%***	
Manganese ore						
Ore extraction (RoM)	000' t	**860**	739	*16.4%*	**786**	*9.4%*
Processing of low grade stockpiles	000' t	**178**	190	*(6.3)%*	**157**	*13.4%*
Saleable concentrate production	000' t	**323**	363	*(11.0)%*	**289**	*11.8%*
Internal consumption of saleable concentrate	000' t	**90**	86	*4.7%*	**100**	*(10.0)%*
- percentage		***27.9%***	*23.7%*		***34.6%***	
Iron-Manganese ore						
Ore extraction (RoM)	000' t	**30**	15	*100.0%*	**30**	*0.0%*
Processing of low grade stockpiles	000' t	**7**	103	*(93.2)%*	**2**	*250.0%*
Saleable concentrate production	000' t	**13**	38	*(65.8)%*	**16**	*(18.8%)*

Chrome ore extraction was at its full planned capacity in Q3 2010 and amounted to 1,185 kt (Q3 2009: 1,204 kt), a decline of 1.6% from Q3 2009 but a 6.8% decrease on Q2 2010. The Division produced 892 kt of saleable chrome ore, a fall of 7.8% compared to Q3 2009 and an increase of 3.6% relative to Q2 2010; the increase in Q3 2010 against Q2 2010 reflected a higher volume of ore processed.

Manganese ore extraction increased 121 kt, or 16.4%, to 860 kt (Q3 2009: 739 kt), and increased 9.4% versus Q2 2010. The processing of low grade stockpiles decreased 12 kt, or 6.3%, compared to Q3 2009, but increased 13.0% compared to Q2 2010 due to higher demand for low grade concentrates. Saleable manganese concentrate production decreased 11.0% to 323 kt compared to Q3 2009 but increased 11.8% against Q2 2010. The significant increase in manganese ore extraction and production against Q2 2010 reflected greater market demand.

Production at Zhairem GOK, which mainly sells manganese concentrates, decreased 18.1% to 163 kt from Q3 2009 (199 kt), but rose 4.5% compared to Q2 2010 (156 kt). Q3 2009 production at Zhairem GOK was at a record level after the downturn, mainly due to the significant proportion of fine concentrates in the total saleable production requested by the market following a sharp increase in prices. Production of 160 kt at Kazmarganets, which supplies manganese concentrates to the Aksu ferroalloys plant for use in silico-manganese production, decreased 2.4% from Q3 2009 (164 kt), but rose 20.3% compared to Q2 2010 (133 kt). The proportion of total manganese concentrate production consumed internally was slightly higher in Q3 2010, at 27.9%, (Q3 2009: 23.7%) reflecting an increase in silico-manganese production.

Production of saleable iron-manganese concentrate, that had been resumed in Q4 2009, remained limited in Q3 2010 due to weak demand.

Ferroalloys Production

		Q3 2010	Q3 2009	Q3 2010 v Q3 2009 % growth	Q2 2010	Q3 2010 v Q2 2010 % growth
Ferrochrome	**000' t**	**365**	332	*9.9%*	**358**	*2.0%*
- High-carbon	000' t	**331**	304	*8.9%*	**323**	*2.5%*
- Medium-carbon	000' t	**11**	9	*22.2%*	**12**	*(8.3)%*
- Low-carbon	000' t	**23**	19	*21.1%*	**23**	*0.0%*
Ferrosilicochrome	000' t	**50**	28	*78.6%*	**47**	*6.4%*
Silico-manganese	000' t	**44**	41	*7.3%*	**49**	*(10.2)%*
Ferro-silicon	000' t	**12**	12	*0.0%*	**12**	*0.0%*
Total ferroalloys	**000' t**	**471**	413	*14.0%*	**465**	*1.3%*
Internal consumption of ferroalloys	000' t	**69**	51	*35.3%*	**73**	*(5.5)%*
- percentage		***14.6%***	*12.3%*		***15.7%***	

Note: table may not sum precisely due to roundings.

In Q3 2010, the Ferroalloys Division produced 471 kt of ferroalloys, an increase of 14.0% compared to Q3 2009, and an increase of 1.3% from Q2 2010 reflecting a continued recovery in demand. The increase against Q3 2009 was across all products, with a general improvement in the market. The rate of internal consumption of total ferroalloys production increased to 14.6% (Q3 2009: 12.3%), but was slightly below the level of Q2 2010 (15.7%). This was partly due to the re-smelting of high-carbon ferrochrome fines in Q2 2010 which was discontinued in Q3 2010.

Serov added 73 kt to total ferroalloys production in Q3 2010 (Q3 2009: 52 kt), with volumes slightly higher than in Q2 2010 (72 kt). Production increased to close to full capacity levels for all products including medium-carbon ferrochrome, where production was restarted in Q2 2010 having been stopped in Q4 2008. At the end of September 2010, sixteen (of seventeen) furnaces (30 June: sixteen; 31 March 2010: thirteen) were in operation.

Tuoli added 17 kt of high-carbon ferrochrome to total ferroalloys production in Q3 2010 (Q3 2009: 12 kt; Q2 2010: 18 kt). At the end of September all four furnaces were in operation (30 June 2010: four; 31 March 2010: four), but unscheduled repairs stoppages resulted in a decrease in actual production relative to Q2 2010.

Ferroalloys capacity utilisation in Q3 2010 for Kazchrome was 100% (Q2 2010: 99%; Q3 2009: 92%), for Serov 97% (Q2 2010: 97%; Q3 2009: 69%) and for Tuoli 87% (Q2 2010: 90%; Q3 2009: 50%).

IRON ORE DIVISION

		Q3 2010	Q3 2009	*Q3 2010 v Q3 2009 % growth*	**Q2 2010**	*Q3 2010 v Q2 2010 % growth*
Ore extraction (RoM)	000' t	**10,891**	10,980	*(0.8)%*	**11,150**	*(2.3)%*
Primary concentrate production	000' t	**4,477**	4,556	*(1.7)%*	**4,600**	*(2.7)%*
Saleable concentrate production	000' t	**2,624**	2,540	*3.3%*	**2,406**	*9.1%*
Saleable pellet production	000' t	**1,680**	1,859	*(9.6)%*	**2,035**	*(17.4)%*

In Q3 2010, the Iron Ore Division extracted 10,891 kt of iron ore, a decrease of 0.8% compared to Q3 2009. Ore extraction, whilst 2.3% less than Q2 2010, nonetheless remained at effectively full available capacity following a recovery in demand and production through 2010. The Division produced 4,477 kt of primary concentrate, a 1.7% decrease compared to Q3 2009, and a decrease of 123 kt, or 2.7%, compared to Q2 2010 which had been a record quarterly level.

In Q3 2010 saleable concentrate production (with an iron content of 65.2%) was 2,624 kt, an increase of 3.3% compared to Q3 2009 (2,540 kt) and an increase of 9.1%, or 218 kt, compared to Q2 2010 reflecting the underlying balance of demand. Pellet production (with an iron content of 62.3%) decreased 9.6% compared to Q3 2009, due to greater demand for lower cost concentrate in 2010 versus 2009. Pellet production decreased 17.4% from Q2 2010 due to reduced demand, with a lower utilisation of pellet by steel makers; there was, however, an increased demand for pellet evident towards the end of Q3 2010.

Capacity utilisation for primary concentrate production in Q3 2010 was 100% (Q2 2010: 100%; Q3 2009: 100%).

ALUMINA AND ALUMINIUM DIVISION

		Q3 2010	Q3 2009	*Q3 2010 v Q3 2009 % growth*	**Q2 2010**	*Q3 2010 v Q2 2010 % growth*
Bauxite extraction (RoM)	000' t	**1,355**	1,414	*(4.2)%*	**1,340**	*1.1%*
Alumina production	000' t	**413**	404	*2.2%*	**409**	*1.0%*
Internal consumption of alumina	000' t	**121**	59	*105.1%*	**114**	*6.1%*
- percentage		***29.3%***	*14.6%*		***27.9%***	
Aluminium production	000' t	**62**	31	*100.0%*	**57**	*8.8%*
Gallium production	kilogrammes	**4,743**	4,848	*(2.2)%*	**4,701**	*0.9%*

In Q3 2010 internal consumption of alumina amounted to 121 kt, representing 29.3% (Q3 2009: 14.6%) of total alumina production, an increase over Q2 2010 as Phase 2 production at the aluminium smelter commenced in Q2 2010.

Primary aluminium production in Q3 2010 was 62 kt, double the production in Q3 2009 and an 8.8% increase on Q2 2010. The second half of the Phase 2 pots were put into operation during Q2 2010 and the smelter has operated at its full 250 kt per annum run rate capacity since May 2010.

OTHER NON-FERROUS DIVISION

Q3 2010 copper production includes the contribution of ore extracted from Société Minière de Kabolela et de Kipese ('SMKK')'s Kabolela North Pit that came into production in August 2010. The Kabolela North Pit is anticipated to be the principal source of copper oxide ore for the next two years.

Copper and Cobalt Production

		Q3 2010	Q2 2010	*Q3 2010 v Q2 2010 % growth*
Copper				
Ore extraction (RoM)	000' t	**365**	**416**	*(12.3)%*
Saleable copper cathode and sludge	t	**5,948**	**5,175**	*14.9%*
Cobalt				
Ore extraction (RoM)	000' t	**273**	**255**	*7.1%*
Saleable cobalt concentrate	t	**2,173**	**2,038**	*6.6%*
Saleable cobalt metal	t	**1,190**	**965**	*23.3%*
Internal consumption of saleable cobalt concentrate	t	**677**	**810**	*(16.4)%*
- percentage		***31.2%***	***39.7%***	

Note: production numbers for saleable copper and cobalt products refer to tonnes of contained metal.

Saleable copper production for Q3 2010 was 5,948 t, an increase of 14.9% on Q2 2010. This reflected production improvements at the DRC operations and additional by-product units from Chambishi.

Cobalt concentrate production in Q3 2010 was 2,173 t, of which 677 t was transported to Chambishi for processing into cobalt metal (Q2 2010: 810 t). Cobalt concentrate production in the DRC was higher than in Q2 2010, reflecting higher than anticipated ore grades at the Mukondo Pit. In Q3 2010 1,190 t of saleable cobalt metal was produced at Chambishi (Q2 2010: 965 t), primarily due to increased feed throughput.

The commissioning of the cobalt solvent extraction and electrowinning ('SX/EW') plant is planned for December 2010, with the plant reaching steady state production in Q2 2011. In Q3 2010, additional heap leach pads became operational and were being stacked with cobalt rich ore which will eventually be converted into cobalt metal through the SX/EW plant. In addition, grade A copper cathode will be produced as a by-product. The SX/EW plant has a planned capacity of 3,000 t of cobalt metal and 4,400t of copper grade A cathode per annum.

ENERGY DIVISION

		Q3 2010	Q3 2009	Q3 2010 v Q3 2009 % growth	Q2 2010	Q3 2010 v Q2 2010 % growth
Coal extraction (RoM)	000' t	**4,286**	4,636	*(7.5)%*	**4,462**	*(3.9)%*
Energy Division consumption of coal	000' t	**1,982**	1,979	*0.2%*	**1,959**	*1.2%*
- percentage		***46.2%***	*42.7%*		***43.9%***	
Sales of coal to other Group Divisions	000' t	**1,078**	1,042	*3.5%*	**1,088**	*(0.9)%*
- percentage		***25.2%***	*22.5%*		***24.4%***	
Electricity generation	GWh	**3,156**	3,203	*(1.5)%*	**3,111**	*1.4%*
Sales of electricity to other Group Divisions	GWh	**2,595**	2,281	*13.8%*	**2,582**	*0.5%*
- percentage		***82.2%***	*71.2%*		***83.0%***	

In Q3 2010, the Energy Division extracted 4,286 kt of coal from the Vostochny mine. This was a decrease of 7.5% compared to Q3 2009. This reflected relatively strong volumes in Q3 2009 as well as seasonal factors.

Electricity generation in the period was 3,156 GWh, a decrease of 1.5% on Q3 2009 and an increase of 1.4% from Q2 2010 due to a difference in the repair works schedule between the periods. Electricity supplied by the Energy Division to other Group entities was 2,595 GWh, or 82.2% of total energy generation. This was a net 314 GWh, or 13.8%, increase from the comparable quarter of 2009 (Q3 2009: 71.2%) and an increase of 0.5% compared to Q2 2010, due to significant growth in internal electricity demand. The Iron Ore Division continued to take part of its electricity requirement from the Alumina and Aluminium Division, an arrangement that began in Q1 2010. The Ferroalloys Division was mainly supplied with electricity from the Energy Division.

External sales of electricity of 314 GWh decreased 54.2% compared to Q3 2009 (685 GWh) due to significantly greater internal consumption. A 6.1% increase in external sales against Q2 2010 (296 GWh) reflected an increase in electricity generation ahead of internal consumption.

LOGISTICS DIVISION

		Q3 2010	Q 2009	*Q3 2010 v Q3 2009 % growth*	Q2 2010	*Q3 2010 v Q2 2010 % growth*
Volume of products transported by railway	000' t	**15,326**	15,757	*(2.7)%*	**15,011**	*2.1%*
Percentage of products volume attributable to third parties		*12.1%*	*11.0%*		*8.3%*	

In Q3 2010 the Logistics Division transported 15,326 kt by railway, a decrease of 2.7% compared to Q3 2009.

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