12 May 2011

Eurasian Natural Resources Corporation PLC

May 2011 Interim Management Statement and Production Report for the First Quarter ended 31 March 2011

London – Eurasian Natural Resources Corporation PLC ('ENRC' or, together with its subsidiaries, the 'Group') today announces its May 2011 Interim Management Statement and its Production Report for the First Quarter ended 31 March 2011.

Highlights for the Three Months ended 31 March 2011

- Production maintained at effectively full available capacity across all of our principal commodities. Against Q1 2010, saleable ferrochrome production was ahead 4.2%, iron ore pellet rose 2.6% and aluminium increased 37.8%. There was continued growth in copper and cobalt production;
- Financial performance underpinned by strong production and sales volumes and a positive pricing environment, partially offset by higher costs;
- Progress with the Aktobe ferroalloys expansion, the anode plant, alumina capacity increase and the commissioning of a new power unit;
- Additional US$0.5 billion revolving credit facility secured;
- Balance sheet position remained strong: gross available funds of US$2.1 billion; total debt of US$1.6 billion.

Recent Developments and Outlook for the Full Year 2011

- Revenue growth broadly in line with expectations set out in the recent Preliminary Results announcement; annualised unit cost of sales growth now expected to be between 15%-20%;
- Production expected to be maintained at effectively full available capacity for 2011, with continued strong demand for the Group's products;
- Increased voluntary social spend, mostly in Kazakhstan, to total US$160 million for 2011;
- Full year effective tax rate currently expected to be towards the top end of the guidance range of 26%-28%;
- Planned capital expenditure for the year maintained at approximately US$2.5 billion;
- BMSA Project (formerly 'the BML Project') port licence approval now subject to a revised submission, due to an agreed relocation of the port;
- Longer term economic outlook remains positive; growth in China and increased stainless steel production forecasts strengthen the Group's position.

"ENRC had a strong start to the year. Production was at effectively full capacity across all of our principal commodities; in the Other Non-ferrous Division, production increased in line with plan. Revenues are underpinned by sales volumes and the strong commodities pricing environment; however, cost pressures continue to represent a key challenge for the business. The Group continues to make good progress with its capital expenditure programme and with the development of its acquired assets. We remain confident in the longer term economic outlook and in 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, 12 May 2011. The dial-in number for callers is +44 (0) 20 3059 5845, with the identifier, 'the ENRC call'. From shortly after the conference call there will be a replay available until 19 May 2011: Tel: +44 (0) 121 260 4861, access code: 6785980#. A recording of the briefing will be posted in 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 an update of its quarterly production data in the Investor Relations section of the Group's website.

Results timetable

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
Wednesday, 1 February 2012	Q4 2011 Production Report
Wednesday, 21 March 2012	2011 Preliminary Results Announcement
Thursday, 12 May 2012	May 2012 Interim Management Statement and Q1 2012 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 2010 employed on average 74,098 (2009: 70,322) people. In 2010, the Group accounted for approximately 4% 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 year ended 31 December 2010, the Group had revenue of US$6,605 million (2009: US$3,831 million) and profit attributable to equity shareholders of the Group of US$2,185 million (2009: US$1,045 million). ENRC has six operating 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. Nothing in this announcement should be construed as a profit forecast. The forward looking statements contained in this document speak only as at the date of this document.

Disclosure and Transparency Rules

The Interim Management Statement (‘IMS’) and Production Report are 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.

May 2011 Interim Management Statement ('IMS')

The information in the IMS, unless otherwise stated, relates to the three months ended 31 March 2011, and is compared to the corresponding three months of 2010. Save as set out in this statement there have been no material events, transactions or changes to the financial position of the Group since 31 March 2011. The Group's performance trends from 31 March 2011 to date remain broadly consistent with those described herein.

Revenue

Group revenue in the quarter increased significantly compared to Q1 2010. This primarily reflected higher selling prices in the Iron Ore and Ferroalloys Divisions. Higher sales volumes in the Alumina and Aluminium, Ferroalloys and Other Non-ferrous Divisions also contributed. Group revenue was broadly in line with Q4 2010.

The Ferroalloys Division operated at effectively full available capacity. Revenue was substantially higher in Q1 2011 than in the comparable period of 2010, reflecting significantly higher realised prices and good growth in sales volumes. Average ferroalloys prices in Q1 2011 increased 24% against Q1 2010 and 1% against Q4 2010; chrome ore prices were 41% higher than in Q1 2010 and 2% higher than in Q4 2010.

In the Iron Ore Division, primary concentrate production operated at effectively full available capacity in Q1 2011. Revenue doubled from Q1 2010 due to significantly higher sales prices, solid growth in sales volumes and a higher proportion of pellet in the sales mix. Average realised prices increased 96% against Q1 2010 and were 22% above the Q4 2010 level, largely as a result of a stronger pricing environment, but also due to the favourable change in the product mix. A Platts-based pricing formula has been agreed with MMK, from Q2 2011 until the end of 2012.

In the Alumina and Aluminium Division, alumina production was at the same level as in Q1 2010, whilst aluminium production was a third higher as the aluminium smelter operated at its full capacity throughout the quarter. Revenue rose strongly, due to both a greater than 50% increase in aluminium sales volumes against Q1 2010, and to an increase in the average price for aluminium in Q1 2011, up 14% against Q1 2010 and 6% against Q4 2010.

In the Other Non-ferrous Division, production and sales volumes were higher, due to an increase in production capacities for copper and cobalt and the inclusion of Chambishi from April 2010. This resulted in very strong growth in the Division's revenue, boosted by a significant rise in copper prices as well as the addition of cobalt sales from Chambishi in Q1 2011. The average realised price for copper in Q1 2011 increased 78% against Q1 2010 and 5% against Q4 2010. The price for cobalt metal increased 18% in Q1 2011 against Q4 2010; there were no sales of cobalt metal in Q1 2010 as Chambishi was acquired in April 2010.

Production in the Energy Division achieved solid growth against the comparable period of 2010. Third-party sales of coal were marginally lower compared to Q1 2010, whilst sales of electricity saw good growth. Revenue rose significantly versus Q1 2010 due to substantially higher prices for both coal and electricity. The third-party realised sales price for electricity increased 21% on the comparable period and

20% against Q4 2010, in line with guidance from Kazakhstan's State regulator. Coal prices rose 44% and 35% versus Q1 and Q4 2010 respectively.

Costs
As expected, cost of sales increased significantly against Q1 2010 due to higher input materials prices and production volumes, the addition of Chambishi, and a much higher depreciation and amortisation charge in line with the increase in the Group's fixed assets during 2010. Mineral Extraction Taxes ('MET') rose materially in the Ferroalloys and Iron Ore Divisions, as a result of higher prices for chrome and iron ore. Distribution costs rose, due to an increase in Kazakhstani railway tariffs and higher sales volumes, as well as increased sales to more distant US and European markets. General and administrative expenses increased, mainly as a result of higher labour costs across all the Divisions.

Unit cost of sales (excluding MET) rose in all Divisions. Cost pressures are expected to continue throughout 2011, and we now anticipate full year unit cost of sales growth for the Divisions in the range of 15% to 20%, as prices for a number of key input materials increase above previously expected levels.

For the full year 2011 our voluntary social investment is expected to increase to around US$160 million (2010: US$63 million). The majority will be spent in Kazakhstan, including support for the 'Nazarbayev Fund', focused on developing education. Through this investment we see a long-term benefit for our operations, in creating a larger pool of skilled graduates, and it also reflects our ongoing social commitment to the communities in which we operate.

Taxation
In line with previous guidance, the Group's effective tax rate for 2011 is expected to be between 26% and 28% of Profit Before Tax ('PBT'); currently we expect the rate to be towards the top end of the range. The rate is sensitive to market conditions and prices, and the effective tax rate could be higher if prices and profitability increase.

Balance Sheet
The Group's financial position remained strong with gross available funds of approximately US$2.1 billion as at 31 March 2011, having risen from the position as at 31 December 2010. In Q1 2011 cash flow generated from operating activities broadly matched the Group's investment and funding requirements.

In March 2011, the Group signed a US$500 million corporate revolving credit facility with a number of banks, increasing available liquidity and strengthening relationships with core banking partners. Total debt outstanding was US$1.6 billion as at 31 March 2011.

Capital expenditure and projects update
During Q1 2011 the principal areas of capital expenditure were: Ferroalloys Division – the expansion and replacement of ferroalloy smelting capacity at Aktobe; Iron Ore Division – mine expansion; Alumina and Aluminium Division – construction of an anode plant and alumina production expansion; Other Non-ferrous Division – expansion of copper oxide production and commissioning of an oxide cobalt SX/EW plant; Energy Division - the construction of power unit 2; and Logistics Division – increase in the Kazakhstani wagon fleet.

As previously announced, for the full year 2011 the Group expects to spend approximately US$2.5 billion including US$0.6 billion for sustaining capital expenditure.

With regards to the BMSA Project (formerly 'the BML Project') in Brazil, we have agreed to the relocation of the port to an alternative nearby site and are working on the necessary submissions in the licensing process. Our current expectation is for the commissioning of the project to be delayed.

Outlook

Our outlook for revenue growth for the full year 2011 remains broadly unchanged. We expect that production for 2011 for our principal products will be at or near full capacity, with limited additional volumes over 2010 and with copper and cobalt production increasing in line with our stated plans. Prices for the full year 2011 are expected to be ahead of those that prevailed in 2010, and particularly good for iron ore.

Total cost growth in 2011 will reflect increases across a range of materials, transportation, fuels and other inputs, some of which are currently seeing cost rises ahead of previous expectations. Aluminium production volumes at the full Phase 2 capacity and the expansion of the Other Non-ferrous Division will also impact, as will the anticipated appreciation of the tenge/US dollar exchange rate. For the Group overall, the growth in unit cost of sales is likely to be towards the top of the 15%–20% range. Additional social investment, up by about US$100 million, will also increase total costs. As identified at the time of our Preliminary Results, with a higher fixed asset base and increased borrowings, we are also experiencing significantly higher depreciation and amortisation and net finance costs.

Overall, our confidence for the longer term remains supported by our view of the sustainability of Chinese GDP growth, at around 7-9%, notwithstanding the Chinese Government's efforts to manage inflation, and by growth in other emerging markets.

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, less investment in unquoted options, investments in quoted equity shares and other restricted financial assets.
3. The Directors have recommended a final dividend for the year ended 31 December 2010 of US 18.0 cents per ordinary share in the Company. If approved by shareholders at the Annual General Meeting to be held on Wednesday, 8 June 2011 this will be paid on Wednesday, 15 June 2011 to all registered shareholders on the Register of Members as at the close of business on 1 April 2011.
4. The Kazakhstani tenge ('KZT') to US dollar ('US$') spot exchange rate as at 31 March 2011 was KZT145.70/US$1.00. The average exchange rate for the three months ended 31 March 2011 was KZT146.42/US$1.00 (three months to 31 March 2010: KZT147.70/US$1.00).

Production Report for the First Quarter ended 31 March 2011

The information in this Production Report, unless stated otherwise, relates to the three months ended 31 March 2011, and is compared to the corresponding three months ended 31 March 2010.

Group production volumes for the first quarter were slightly ahead in the Ferroalloys and Energy Divisions and remained largely in line for the other Divisions in Kazakhstan compared to Q1 2010. Against Q4 2010, production volumes were typically flat or slightly down for the principal products of the Kazakhstani operations. The Ferroalloys and Iron Ore Divisions continued to operate at effectively full available capacity and there was an increased proportion of iron ore pellet production. In the Alumina and Aluminium Division, aluminium volumes were higher than in Q1 2010 as the smelter operated at its full Phase 2 production capacity throughout the quarter. In the Other Non-ferrous Division, copper production grew significantly on both the comparable period and Q4 2010. Cobalt contained production also saw a significant increase against the comparable period, although a slight decrease versus Q4 2010.

- **Ferroalloys Division.** Volumes for most ferroalloy products grew versus Q1 2010, with a 1.5% increase for total saleable ferroalloys and a 4.2% increase for ferrochrome, including 2.5% for high-carbon ferrochrome.
- **Iron Ore Division.** Volumes increased slightly compared to Q1 2010, with a 0.2% increase in iron ore extraction and a 2.6% increase in pellet production as the recovery in demand for iron ore pellet continued in Q1 2011.
- **Alumina and Aluminium Division.** Bauxite extraction increased 2.2% whilst alumina production remained at the same level as in Q1 2010. The Division produced 62 kt of aluminium, an increase of 37.8% compared to Q1 2010, as the smelter operated at its full Phase 2 capacity from May 2010.
- **Other Non-ferrous Division**. Production of saleable copper in Q1 2011 was 6,572 t and of cobalt contained was 2,805 t, in line with the planned expansion in production capacity.
- **Energy Division.** Coal extraction increased 2.6% compared to Q1 2010. Electricity generation increased 3.4% compared to Q1 2010, due to greater available capacity. Internal electricity sales were broadly stable against Q1 2010.
- **Logistics Division.** An 8.8% increase against Q1 2010 in the volume of goods transported by railway and an increase in the proportion of volumes attributable to third parties.

The format of the Production Report has been revised to include additional information notably in relation to ore grades, the structure of gross and saleable production in the Ferroalloys Division and around power generation and third-party sales in the Alumina and Aluminium Division. In addition, there have been minor changes in the analysis of ferroalloys production in the Ferroalloys Division, with foundry ferrochrome metal excluded from the gross production and internal consumption volumes; 2010 numbers have been restated.

The information set out in this Production Report, unless stated otherwise, relates to the three months ended 31 March 2011, and is compared to the corresponding three months ended 31 March 2010. Production volumes for Q4 2010 are provided for additional information. In the Other Non-ferrous Division: from Q2 2010, production data includes the contribution of Chambishi; from Q3 2010, production data includes the contribution of ore extracted from Société Minière de Kabolela et de Kipese's ('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.

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FERROALLOYS DIVISION

Ore Mining and Processing

		Q1 2011	Q1 2010	Q1 2011 v Q1 2010 % growth	Q4 2010	Q1 2011 v Q4 2010 % growth
Chrome ore						
Ore extraction (Run of Mine, 'RoM')	000' t	**1,209**	1,146	*5.5%*	**1,219**	*(0.8)%*
Grade, % Cr_2O_3		**39.3**	38.3		**38.4**	
Total ore processed		**1,466**	1,276	*14.9%*	**1,566**	*(6.4)%*
Grade, % Cr_2O_3		**38.3**	37.1		***37.7***	
Saleable ore production	000' t	**926**	839	*10.4%*	**982**	*(5.7)%*
Grade, % Cr_2O_3		**48.9**	48.2		**48.6**	
Internal consumption of saleable ore	000' t	**786**	753	*4.4%*	**807**	*(2.6)%*
- percentage		***84.9%***	*89.7%*		***82.2%***	
Manganese ore						
Ore extraction (RoM)	000' t	**596**	552	*8.0%*	**608**	*(2.0)%*
Grade, % Mn		**20.0**	19.6		**18.8**	
Total ore processed	000' t	**658**	572	*15.0%*	**838**	*(21.5)%*
Grade, % Mn		**19.1**	19.3		**17.5**	
Saleable concentrate production	000' t	**172**	166	*3.6%*	**218**	*(21.1)%*
Grade, % Mn		**36.8**	37.0		***34.8***	
Internal consumption of saleable concentrate	000' t	**99**	101	*(2.0)%*	**90**	*10.0%*
- percentage		***57.6%***	*60.8%*		***41.3%***	

Chrome ore extraction remained at effectively full available capacity in Q1 2011, amounting to 1,209 kt, an increase of 5.5% from Q1 2010 and a slight decrease of 0.8% on Q4 2010. The Division produced 926 kt of saleable chrome ore, an increase of 10.4% on Q1 2010 but a decrease of 5.7% relative to Q4 2010 due to a lower volume of ore being processed.

Internal consumption of saleable chrome ore in Q1 2011 increased 4.4% compared to Q1 2010, due to the higher level of ferroalloys production as well as increased consumption by Serov and Tuoli in Q1 2011 as their production of ferroalloys was restored towards full capacity.

Manganese ore extraction increased 44 kt, or 8.0%, to 596 kt (Q1 2010: 552 kt), but declined 2.0% versus Q4 2010. Saleable manganese concentrate production increased 3.6% to 172 kt compared to Q1 2010, but decreased 21.1% against Q4 2010, due to lower demand for fine low grade concentrates and a seasonal decrease in the volumes of low grade ore processed.

Production at Zhairemsky GOK, which mainly sells manganese concentrates for export, decreased 3.2% to 120 kt (35.6% Mn grade) from Q1 2010 (124 kt, 35.2% Mn), and 25.9% compared to Q4 2010 (162 kt, 33.5% Mn). Production of 51 kt (39.6% Mn grade) at Kazmarganets, which supplies manganese concentrates to the Aksu ferroalloys plant for use in silico-manganese production, increased 21.4% from Q1 2010 (42 kt, 42.5% Mn), but fell 8.9% from Q4 2010 (56 kt, 38.4% Mn), mainly reflecting the seasonal accumulation of concentrate inventory at the mining site and the smelter. The proportion of total manganese concentrate production consumed internally was slightly lower in Q1 2011, at 57.6% (Q1 2010: 60.8%). Production of saleable iron-manganese concentrate remained limited in Q1 2011, with some seasonal impact.

The disclosure of iron-manganese ore has been discontinued as not material to the overall business of the Group.

Ferroalloys Production

Gross production		Q1 2011	Q1 2010	Q1 2011 v Q1 2010 % growth	Q4 2010	Q1 2011 v Q4 2010 % growth
Ferrochrome	**000' t**	**351**	331	*6.0%*	**357**	*(1.7)%*
- High-carbon	000' t	**314**	302	*4.0%*	**323**	*(2.8)%*
- Medium-carbon	000' t	**13**	9	*44.4%*	**13**	*0.0%*
- Low-carbon	000' t	**23**	20	*15.0%*	**21**	*9.5%*
Ferrosilicochrome	000' t	**39**	40	*(2.5)%*	**45**	*(13.3)%*
Silico-manganese	000' t	**48**	49	*(2.0)%*	**43**	*11.6%*
Ferro-silicon	000' t	**13**	12	*8.3%*	**12**	*8.3%*
Total ferroalloys	**000' t**	**450**	433	*3.9%*	**456**	*(1.3)%*
Internal consumption of ferroalloys						
High-carbon Ferrochrome	000' t	***26***	*21*	*23.8%*	***30***	*(13.3)%*
Ferrosilicochrome	000' t	***27***	*20*	*35.0%*	***25***	*8.0%*
Other alloys	000' t	***2***	*2*	*0.0%*	***2***	*0.0%*
Total ferroalloys	000' t	**55**	44	*25.0%*	**57**	*(3.5)%*
- percentage		***12.2%***	*10.1%*		***12.5%***	
Saleable production						
Ferrochrome	000' t	***323***	*310*	*4.2%*	***325***	*(0.6)%*
- High-carbon	000' t	***288***	*281*	*2.5%*	***292***	*(1.4)%*
- Medium-carbon	000' t	***13***	*9*	*44.4%*	***12***	*8.3%*
- Low-carbon	000' t	***23***	*20*	*15.0%*	***21***	*9.5%*
Ferrosilicochrome	000' t	***12***	*20*	*(40.0)%*	***21***	*(42.9)%*
Silico-manganese	000' t	***46***	*48*	*(4.2)%*	***42***	*9.5%*
Ferro-silicon	000' t	***13***	*12*	*8.3%*	***12***	*8.3%*
Total ferroalloys	000' t	***395***	*389*	*1.5%*	***399***	*(1.0)%*

Note: Table may not sum precisely due to roundings.

The reporting format for ferroalloys production has been changed to give the breakdown of internal consumption by alloy and to include saleable production data, as opposed to the previously reported gross (total) production and internal consumption. Additionally, in 2011, there was a minor change in the analysis of ferroalloys production at several of the production plants. Foundry ferrochrome metal, mainly derived from slag recovery and then used in full for other alloys production, was previously included in both gross production and internal consumption volumes.

Under the revised reporting format, this semi-product metal is excluded from the gross production and internal consumption volume. Prior period volumes for gross production and the internal consumption of high-carbon ferrochrome have been restated.

In Q1 2011, the Ferroalloys Division produced 395 kt of saleable ferroalloys, broadly in line with Q1 2010 and Q4 2010. An increase in saleable production against Q1 2010 was achieved for all products, except ferrosilicochrome and silico-manganese which decreased 40.0% and 4.2% respectively, due to the planned repair of furnaces and higher internal consumption of ferrosilicochrome in Q1 2011. Available production capacity was reallocated from medium-carbon to low-carbon ferrochrome production in Q1 2011 compared to Q4 2010, reflecting market demand.

Serov contributed 58kt to saleable ferroalloys production in Q1 2011 (Q1 2010: 45 kt), with volumes 9.4% higher than in Q4 2010 (53 kt). Production was close to full capacity for all products. At the end of Q1 2011 all seventeen furnaces (31 December 2010: sixteen) were in operation.

Tuoli contributed 17 kt of high-carbon ferrochrome to total saleable ferroalloys production in Q1 2011 (Q1 2010: 15kt; Q4 2010: 18 kt). At the end of Q1 2011, all four furnaces (31 December 2010: four) were in operation.

Electricity generation in the Ferroalloys Division is consumed entirely within the Ferroalloys Division.

IRON ORE DIVISION

		Q1 2011	Q1 2010	*Q1 2011 v Q1 2010 % growth*	**Q4 2010**	*Q1 2011 v Q4 2010 % growth*
Ore extraction (RoM)	000' t	**10,715**	10,697	*0.2%*	**10,876**	*(1.5)%*
Grade, % Fe		**32.1**	31.8		**32.0**	
Primary concentrate production	000' t	**4,287**	4,236	*1.2%*	**4,389**	*(2.3)%*
Grade, % Fe		**65.1**	65.4		**65.3**	
Saleable concentrate production	000' t	**1,675**	1,894	*(11.6)%*	**2,013**	*(16.8)%*
- percentage of total saleable product		***42.9%***	*46.6%*		***48.6%***	
Saleable pellet production	000' t	**2,228**	2,171	*2.6%*	**2,132**	*4.5%*
- percentage of total saleable product		***57.1%***	*53.4%*		***51.4%***	
Total Saleable Product	000' t	**3,903**	4,064	*(4.0)%*	**4,146**	*(5.9)%*

In Q1 2011, the Iron Ore Division extracted 10,715 kt of iron ore, broadly in line with Q1 and Q4 2010, and at effectively full available capacity. The Division produced 4,287 kt of primary concentrate, broadly in line with Q1 2010, but a small decrease of 102 kt, or 2.3%, compared to Q4 2010.

Demand from steel industry customers continued to shift to higher-cost pellet from concentrate relative to 2010 and, particularly H2 2010. As a result, in Q1 2011 saleable concentrate production (with an iron content of 65.1%) was 1,675 kt, a decrease of 11.6% compared to Q1 2010 (1,894 kt) and 16.8%, or 338 kt, compared to Q4 2010 (2,013 kt). Pellet production (with an iron content of 62.8%) increased 2.6% compared to Q1 2010 and 4.5% versus Q4 2010.

Electricity generation in the Iron Ore Division is consumed entirely within the Iron Ore Division.

ALUMINA AND ALUMINIUM DIVISION

		Q1 2011	Q1 2010	*Q1 2011 v Q1 2010 % growth*	**Q4 2010**	*Q1 2011 v Q4 2010 % growth*
Bauxite extraction (RoM)	000' t	**1,334**	1,305	*2.2%*	**1,310**	*1.8%*
Grade, Al_2O_3 / SiO_2	%	**41.9 / 11.2**	42.0 / 11.2		**42.2 / 11.1**	
Alumina production	000' t	**404**	404	*0.0%*	**413**	*(2.2)%*
Internal consumption of alumina	000' t	**119**	88	*35.2%*	**121**	*(1.7)%*
- percentage		***29.5%***	*21.8%*		***29.3%***	
Aluminium production	000' t	**62**	45	*37.8%*	**62**	*0.0%*
Gallium production	kg	**4,512**	4,469	*1.0%*	**4,789**	*(5.8)%*
Electricity						
Electricity generation	GWh	**731**	730	*0.10%*	**661**	*10.6%*
Alumina and Aluminium Division own electricity consumption	GWh	**397**	399	*(0.5)%*	**391**	*1.5%*
- percentage		***54.3%***	*54.7%*		***59.2%***	
Electricity supply to other Group Divisions	GWh	**281**	219	*28.3%*	**214**	*31.3%*
- percentage		***38.4%***	*30.0%*		***32.4%***	
Third parties electricity supply	GWh	**53**	112	*(52.7)%*	**56**	*(5.4)%*
- percentage		***7.3%***	*15.3%*		***8.5%***	

In Q1 2011 bauxite extraction was 2.2% higher than in Q1 2010 and 1.8% higher than in Q4 2010. Alumina production was broadly steady, at the full-capacity run rate of the plant.

Internal consumption of alumina amounted to 119 kt, representing 29.5% of total alumina production, in line with Q4 2010 and consistent with the aluminium smelter running at its full Phase 2 capacity. The level of Q1 2011 is expected to be broadly maintained going forward.

Primary aluminium production in Q1 2011 was 62 kt, an increase of 37.8% against Q1 2010 and in line with production in Q4 2010, as the smelter was operating at its full 250 kt per annum run rate capacity from Q2 2010.

Electricity generation in Q1 2011 was broadly in line with Q1 2010 and increased 10.6% to service increased seasonal demand. Supply of electricity to other Group Divisions increased 62GWh, or 28.3%, against Q1 2010, due to a change in the third-parties electricity sales mix between the Alumina and Aluminium Division and the Energy Division; an arrangement that was implemented from Q1 2010. As a result, third-parties electricity supply decreased 59 GWh, or 52.7%, against Q1 2010.

OTHER NON-FERROUS DIVISION

		Q1 2011	Q1 2010 (a)	*Q1 2011 v Q1 2010 % growth*	Q4 2010	*Q1 2011 v Q4 2010 % growth*
Copper						
Ore extraction (RoM)	000' t	**398**	313	*27.2%*	**343**	*16.0%*
Grade, % Cu		**3.17**	2.21		**2.61**	
Saleable copper contained (b) (c)	t	**6,572**	4,152	*58.3%*	**4,992**	*31.7%*
Cobalt						
Ore extraction (RoM)	000' t	**246**	224	*9.8%*	**284**	*(13.4%)*
Grade, % Co		**1.34**	1.26		**1.29**	
Saleable cobalt contained (c)	t	**2,805**	1,864	*50.5%*	**2,904**	*(3.4%)*

(a) No production is included in Q1 2010 for production from Chambishi as the acquisition was effective from 6 April 2010.
(b) Saleable copper contained as cathode, concentrate and sludge.
(c) Production numbers for saleable copper and cobalt refer to tonnes of contained metal.

Definition of contained: total units, whether in metal form or metal units contained in concentrate and sludge, net of internal consumption.

Saleable copper production for Q1 2011 was 6,572 t, an increase of 58.3% from Q1 2010 and 31.7% from Q4 2010. The production increase over Q1 and Q4 2010 resulted from higher grades and additional by-product units from Chambishi. However, the Chambishi copper by-product fell against Q4 2010 due to the treatment of concentrates with lower copper grades. The higher grades in Q1 2011, reflecting the area of current mining, will decrease in future quarters to be in line with the full year 2011 production grade, expected to be approximately c.2.7%.

In Q1 2011 approximately 1,200 t (Q4 2010: 750 t) of copper metal was produced at the new cobalt SX/EW plant at Boss Mining. Cobalt metal production is expected to start after the commissioning of Phase 2 of the SX/EW plant, now expected in Q2 2011.

Cobalt contained production in Q1 2011 was 2,805 t, an increase of 50.5% from Q1 2010 due to the inclusion of 1,063 t of Chambishi metal production in Q1 2011, but a 3.4% decline compared to Q4 2010, reflecting a decrease in ore extraction partially offset by an improvement in grade.

ENERGY DIVISION

		Q1 2011	Q1 2010	Q1 2011 v Q1 2010 % growth	Q4 2010	Q1 2011 v Q4 2010 % growth
Coal						
Coal extraction (RoM)	000' t	**5,802**	5,657	*2.6%*	**5,697**	*1.8%*
Energy Division consumption of coal	000' t	**2,339**	2,331	*0.3%*	**2,358**	*(0.8)%*
- percentage		***40.3%***	*41.2%*		***41.4%***	
Coal supply to other Group Divisions	000' t	**1,495**	1,442	*3.7%*	**1,303**	*14.7%*
- percentage		***25.8%***	*25.5%*		***22.9%***	
Third parties coal supply	000' t	**1,895**	1,909	*(0.7)%*	**1,963**	*(3.5)%*
- percentage		***32.7%***	*33.7%*		***34.5%***	
Electricity						
Electricity generation	GWh	**3,781**	3,655	*3.4%*	**3,789**	*(0.2)%*
Energy Division own electricity consumption	GWh	**284**	266	*6.8%*	**280**	*1.4%*
- percentage		***7.5%***	*7.3%*		***7.4%***	
Electricity supply to other Group Divisions	GWh	**2,446**	2,408	*1.6%*	**2,550**	*(4.1)%*
- percentage		***64.7%***	*65.9%*		***67.3%***	
Third parties electricity supply	GWh	**1,051**	982	7.0%	**973**	8.0%
- percentage		***27.8%***	*26.9%*		***25.7%***	

Note: Electricity consumption and supply numbers may not round precisely due to the purchase of small volumes of electricity from third-parties.

In Q1 2011 the Energy Division extracted 5,802 kt of coal from the Vostochny mine, an increase of 2.6% from Q1 2010. Coal extraction increased 1.8% from Q4 2010, to service higher seasonal demand and due to higher available capacity resulting from the planned timing of repairs.

Electricity generation in the period was 3,781 GWh, an increase of 3.4% on Q1 2010 and broadly in line with Q4 2010. Electricity supplied by the Energy Division to other Group Divisions was 2,446 GWh, a net 38 GWh, or 1.6%, increase from Q1 2010. The proportion of sales of electricity to other Group Divisions in Q1 2011 (64.7%) was lower than in Q1 2010 (65.9%) and Q4 2010 (67.3%), as 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.

External sales of electricity of 1,051 GWh increased 7.0% compared to Q1 2010 (982 GWh), reflecting greater third-party supply by the Energy Division and reduced third-party supply from the Alumina and Aluminium Division in Q1 2011. External supply of electricity increased 8.0% against Q4 2010 (973 GWh).

LOGISTICS DIVISION

		Q1 2011	Q1 2010	*Q1 2011 v Q1 2010 % growth*	**Q4 2010**	*Q1 2011 v Q4 2010 % growth*
Volume of products transported by railway	000' t	**16,061**	14,761	*8.8%*	**16,005**	*0.3%*
Percentage of products volume attributable to third parties		***11.4%***	*8.9%*		***13.0%***	

In Q1 2011 the Logistics Division transported 16,061 kt by railway, an increase of 8.8% compared to Q1 2010, driven by the steady growth in the Group's own requirements reinforced by a marked growth in third parties volumes. Against Q4 2010, growth reflected continued internal requirements largely offset by weaker third parties volumes.

Weather delay impacts experienced early in Q1 2011 were largely recovered by the end of the period.

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