13 May 2010

Eurasian Natural Resources Corporation PLC

May 2010 Interim Management Statement and Production Report for the First Quarter Ended 31 March 2010

London – Eurasian Natural Resources Corporation PLC ('ENRC' or, together with its subsidiaries, the 'Group'), today announces its May 2010 Interim Management Statement and Production Report for the First Quarter ended 31 March 2010.

Highlights for the 3 months ended 31 March 2010

- Group production volumes significantly ahead of Q1 2009. Ferrochrome and iron ore production at effectively full capacity; aluminium production increased.
- Further improved prices for our key commodities compared to Q4 2009.
- Higher sales volumes for high-carbon ferrochrome and aluminium, partially offset by slightly weaker volumes for other key commodities against Q4 2009.
- Cost pressures; unit cost of sales increased relative to full year 2009 in all Divisions, except the Energy Division, most notably in the Ferroalloys and Alumina and Aluminium Divisions.
- First full quarter contribution from the Other Non-ferrous Division.
- Strong financial position, with gross available funds as at 31 March 2010 broadly unchanged from 31 December 2009.

Recent Developments

- Acquisition of Chambishi, a Zambian copper and cobalt producer, and Comit Resources, for US$300 million, announced in February and completed in full in early May.
- Acquisition of a 12.2% stake in Northam Platinum, a major platinum producer in South Africa, for US$296 million, announced in April.
- The aluminium smelter reached its full run rate capacity of 250 ktpa in May 2010.

Outlook for the Full Year 2010

- Production expected to be at broadly full capacity for the full year.
- Realised prices for the full year, for ferrochrome, iron ore and aluminium, expected to be well ahead of 2009. The pace of recent price increases is unlikely to be sustained through the remainder of the year.
- Total costs are expected to rise very significantly against 2009 - including higher production, the new Other Non-ferrous Division and increasing input prices. However, management anticipates unit cost of sales (excluding MET/Royalties) to be at approximately 2008 levels.
- Revenue growth rate to well exceed total costs growth.
- Planned full year 2010 capital expenditure unchanged at approximately US$1.5 billion.

"We were pleased with our performance in the first quarter. For the full year 2010, and as we indicated in our recent Preliminary Results, we anticipate production to be at effectively full capacity and for commodity prices to remain strong. We are convinced of good growth prospects in our markets on the back of a sustained

economic recovery. With increases in costs, due to higher production and input prices, we will maintain our focus on controlling unit cost of sales. Management continues to seek to maximise organic growth across our businesses and to develop the Group through capital expenditure and attractive acquisitions."
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, 13 May 2010. The dial-in number for callers is: +44 (0) 20 3059 5861, with the identifier 'the ENRC call'. A replay of the call will be available shortly afterwards, until 21 May 2010: Tel: +44 (0) 20 8196 1998, access code: 1305101#. A recording of the briefing will be posted on 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 on its Investor Relations page of the website (www.enrc.com) - covering the quarters, half years, nine months and full year periods for 2007, 2008, 2009 and up to and including Q1 2010.

Results timetable

Wednesday, 9 June 2010	Annual General Meeting
Wednesday, 16 June 2010	Final dividend payment date
Wednesday, 4 August 2010	Q2 2010 Production Report
Wednesday, 18 August 2010	2010 Half-year Results Announcement
Thursday, 11 November 2010	November 2010 Interim Management Statement and Q3 2010 Production Report
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

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 of the Group comprise: the mining and processing of chrome, manganese and iron ore; the smelting of ferroalloys; the production of iron ore pellets; the mining and processing of bauxite for the extraction of alumina and the production of aluminium; coal extraction and electricity generation; the transportation and sales of the Group's products; and, the production of copper and cobalt. ENRC's production assets are largely located in the Republic of Kazakhstan; other assets, notably the Other Non-ferrous Division, are mainly located in Africa. 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. The Group's entities in 2009 employed approximately 70,300 (2008: 67,600) people. For the year ended 31 December 2009, the Group had revenue of US$3,831 million (2008: US$6,823 million) and profit attributable to equity shareholders of US$1,045 million (2008: US$2,642 million). ENRC has six key 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').

Forward-looking statement
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 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's 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 2010 Interim Management Statement ('IMS')

The information in this IMS, unless stated otherwise, relates to the three months ended 31 March 2010, and is compared to the corresponding three 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 31 December 2009. The Group's performance trends since 31 March 2010 to date remain broadly consistent with those described herein.

Revenue

Group revenue in the quarter increased significantly compared to Q1 2009, which was adversely affected by the economic downturn. This primarily reflected higher production and sales volumes in the Ferroalloys and Iron Ore Divisions and the addition of copper and cobalt sales. Overall, prices also had a positive impact, primarily for aluminium. Against Q4 2009, Group revenue increased materially, reflecting improved prices for the Group's key commodities, partially offset by slightly lower sales volumes for many key products except high-carbon ferrochrome and aluminium.

The Ferroalloys Division operated at close to full capacity in its principal Kazakhstani operations. Revenue was substantially higher in Q1 2010 than in the comparable period of 2009, reflecting significantly higher sales volumes and similar realised prices. Revenue also saw good growth relative to Q4 2009, due to higher prices and sales volumes, except chrome ore sales for which deliveries to China were affected by adverse weather conditions in early January. Average ferroalloys prices in Q1 2010 increased 1% on the comparable period and were 6% higher against Q4 2009; chrome ore prices were 2% lower than in Q1 2009 but 2% higher than in Q4 2009.

In the Iron Ore Division, primary concentrate production operated at close to full capacity in Q1 2010. Overall revenue increased substantially on the comparable period due to significantly higher sales volumes, despite lower average sales prices. There was also a shift in the business mix; revenue from iron ore concentrate sales saw a marked decline whilst pellet revenue increased significantly, reflecting a recovery in demand for the higher priced product. Against Q4 2009 revenue was modestly higher, reflecting higher prices, partially offset by lower volumes. Average sales prices in Q1 2010 fell 8% on the comparable period but increased 9% against Q4 2009 as a result of higher Chinese prices.

In the Alumina and Aluminium Division, alumina production increased slightly against the comparable period, having been unaffected by the general commodity downturn in Q1 2009. An increased proportion of alumina production was used to feed the Division's aluminium production as the Phase 2 expansion commenced operations at the smelter in December 2009. Revenue rose substantially, principally due to an increase in the London Metal Exchange ('LME') average price for aluminium in Q1 2010 against the corresponding period, up 59%, and 8% ahead of Q4 2009, and also as a result of higher sales volumes.

The Other Non-ferrous Division was included for its first full quarter, following the completion of the acquisition of Central African Mining & Exploration Company PLC ('CAMEC') in November 2009, and performed in line with management's prior expectations. Prices for copper and cobalt increased in Q1 2010 against Q4 2009, by 1.3% and 0.3% respectively.

Energy Division third party revenue was at the same level as in the comparable period. Higher coal and electricity prices offset lower sales volumes, as significantly increased internal consumption displaced third party coal and electricity sales. An increase in local coal and electricity prices, despite a depreciation in the Kazakhstani tenge/US dollar exchange rate, led to a net rise in US dollar prices versus the comparable period. Average US dollar coal sales prices in Q1 2010 rose 10% on the comparable period and remained in line with Q4 2009, reflecting market pricing. Average US dollar electricity sales prices in Q1 2010 rose 63% on the comparable period and 32% against Q4 2009, in line with guidance from Kazakhstan's State regulator.

In the Logistics Division, third party revenue was at the same level as in Q1 2009 with higher shipment volumes offsetting weaker prices.

Costs

As expected, against Q1 2009, total costs increased significantly due to higher production volumes, the addition of the Other Non-ferrous Division and certain input price increases. Material and labour costs increased very significantly following volume growth, price rises as well as headcount growth and local inflation. Distribution costs also rose sharply as an increased proportion of sales went to the Group's more distant markets. The Group continued to focus on controlling the unit Cost of sales (inclusive of Mineral Extraction Taxes ('MET')) in face of the very significant cost increases previously anticipated. In Q1 2010, against the unit cost levels of full year 2009, all Divisions, except the Energy Division, experienced a strong increase in unit costs - most notably the Ferroalloys and Alumina and Aluminium Divisions. Unit costs for ferrochrome and chrome ore rose, due to increased MET resulting from higher sales prices for chrome ore. Aluminium unit costs rose due to higher prices for intercompany electricity and alumina.

Taxation

In line with previous guidance, the Group's effective tax rate for 2010 is expected to be between 25% and 27% of Profit Before Tax ('PBT'). In November 2009, in response to the adverse changes in the global economic environment, the Government of The Republic of Kazakhstan announced that proposed reductions in the Corporate Income Tax ('CIT') rate would be postponed, and the 2009 rate of 20% would be extended for the period from 2010 to 2012. MET rate increases were similarly postponed.

Balance Sheet

The Group's financial position remained strong, with gross available funds as at 31 March 2010 broadly unchanged from the 31 December 2009 position. In Q1 2010 cash flow generated from operating activities matched the Group's investment and funding needs, including US$60 million paid for the previously announced acquisition of Enya Holdings BV ('Enya'). Gross available funds at 31 March 2010 included US$240 million committed to the completion of the Enya acquisition.

The Group continued to pay down its trade finance facility in line with the pre-determined schedule (to December 2010). During Q1 2010 the Group entered into a 10-year draw-down export credit facility agreement for €47.6 million. Since 31 March 2010 the Group has agreed to the terms for a US$400 million 15-year loan facility from the Development Bank of Kazakhstan.

Capital expenditure and projects update

During Q1 2010 the principal areas of capital expenditure were: Ferroalloys Division – the expansion and replacement of ferroalloy smelting capacity at Aktobe; Alumina and Aluminium Division – the completion of Phase 2 of the aluminium smelter, and construction of an anode plant; Energy Division - the construction of power unit 2; and Other Non-ferrous Division – the commissioning of an SX/EW plant to start cobalt metal production in H2 2010. For the full year 2010, the Group continues to expect capital expenditure to be approximately US$1.5 billion, including sustaining capital expenditure of about US$0.4 billion.

Acquisitions

On 18 February 2010 the Group announced a conditional agreement to acquire 100% of Enya Holdings BV ('Enya') which holds a 90% interest in Chambishi Metals PLC ('Chambishi'), a Zambian copper and cobalt producer, together with a 100% interest in Comit Resources FZE ('Comit'), a Dubai-based marketing and sales company that historically handled Chambishi's copper and cobalt sales. The aggregate consideration amounts to US$300 million less net debt. The acquisition of Chambishi was completed on 6 April 2010, whilst Comit was completed on 11 May 2010.

On 26 April 2010 the Group announced the cash purchase of a 12.2% interest in Northam Platinum Limited ('Northam'), a major platinum producer in South Africa for a cash consideration of ZAR50 per share, equating to a total consideration of ZAR2.2 billion (approximately US$296 million). The transaction is expected to be completed in May 2010.

Outlook

We continue to expect that production in 2010 for our principal products will be at or near full capacity. In addition, the aluminium smelter is now operating at its full expanded run rate and the Other Non-ferrous Division (including Chambishi from April) will provide a full year contribution. The outlook for prices in 2010 is well ahead of those which prevailed in 2009. However, the pace of recent increases may not be sustained, whilst realised prices, notably ferrochrome, are tempered by logistics costs and final prices negotiated with customers.

Total cost growth in 2010 will be very significant. In part, this will reflect higher production volumes, the expansion of the aluminium smelter and the addition of the Other Non-ferrous Division and Chambishi. We also anticipate significantly higher labour costs, as headcount has increased and as Kazakhstani wage rates have risen in line with inflation. We expect other material costs to rise even more strongly, due to volumes, prices and the acquisitions. Furthermore, depreciation will increase with the addition of the African operations and the start up of Phase 2 of the aluminium smelter. Costs in Kazakhstani tenge, some 75% of the Group's cost base in 2009, are also increasing with the appreciation of the US dollar exchange rate. Management anticipates unit cost of sales (excluding MET/Royalties) to be at approximately 2008 levels. We expect to retain our advantaged relative low cost positions.

For the Group, it is anticipated that revenue growth for 2010 will well exceed the growth rate for total costs.

For the full year 2010, MET, which is included within Cost of sales, is expected to be around 11% compared to PBT.

We continue to look at diversifying our sources of funding and intend to announce the establishment of a Euro Medium Term Note programme imminently.

Overall, our confidence for 2010, as we outlined in our recent Preliminary Results, remains supported by our view of the sustainability of Chinese domestic demand growth, growth in other emerging markets, a continued recovery in demand in the United States of America, Europe and Japan and an improving outlook for Russia. Accompanying this recovery we are set to benefit from a sustained increase in commodities demand.

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. On 16 February 2009 the Group acquired a 25% interest in Shubarkol Komir JSC ('Shubarkol'), a major semi-coke and thermal coal producer in Kazakhstan, for a gross cash consideration of US$200 million less 25% net debt. In addition the Group has a right of first refusal, combined with a call option, over all or part of the remaining shares in Shubarkol held by EFIC. The call option is exercisable (at the Group's discretion) at any time until 31 January 2011 and is expected to be subject to the approval of the Group's shareholders with any required regulatory approvals having been obtained. Shubarkol is accounted for as an associate.
4. On 18 September 2009 the Group announced a recommended cash offer for Central African Mining & Exploration Company PLC ('CAMEC'), to acquire the entire issued and to be issued ordinary share capital. The Offer was 20 pence in cash for each CAMEC share and valued the entire issued and to be issued ordinary share capital of CAMEC at approximately £584 million. On 10 November 2009, ENRC announced that it had reduced the minimum acceptance condition as set out in the Offer Document (posted to shareholders on 9 October 2009) to 85%, from 90%, and declared the offer unconditional in all respects. The acquisition of CAMEC was effective from 9 November 2009. In 2010, the Group completed a partial buyout of minority interests in CAMEC for a cash consideration of US$9 million. As a result, the Group's interest in CAMEC as at 13 May 2010 was 96.88% of CAMEC's issued share capital.
5. On 18 February 2010 the Group announced that it had entered into a conditional agreement to acquire 100% of Enya Holdings BV ('Enya') which holds a 90% interest in Chambishi Metals PLC ('Chambishi'), a Zambian copper and cobalt producer, together with a 100% interest in Comit Resources FZE ('Comit'), a Dubai-based marketing and sales company that historically has handled Chambishi's copper and cobalt sales. The aggregate cash consideration for the transaction amounted to US$300 million less net debt. The acquisition of Chambishi was completed on 6 April 2010; the transfer of shares in Comit was completed on 11 May 2010.
6. On 26 April 2010 the Group announced the purchase of a 12.2% interest in Northam Platinum Limited ('Northam'), a major platinum producer in South Africa, from Mvelaphanda Resources Limited, for a cash consideration of ZAR50 per share, equating to a total consideration of ZAR2.2 billion (approximately US$296 million). The cash consideration will be wholly funded from ENRC's existing resources and the transaction is expected to be completed in May 2010. Northam is one of South Africa's leading platinum producers and is one of only four major platinum group metals ('PGM') mining groups in South Africa with smelting operations, providing it with operational and competitive advantages from mining through processing to marketing.
7. A 50% interest in Société Minière de Kabolela et Kipese Sprl ('SMKK') was acquired on 9 November 2009 as part of the CAMEC acquisition. At 31 December 2009, the provisional carrying value of the Group's investment in SMKK was US$75 million. In Q4 2009 ENRC acquired an option, for a cash consideration of US$25 million, to purchase the outstanding 50% of the issued share capital of SMKK from Emerald Star Enterprises Limited. ENRC has now served notice to exercise this option. The total cash consideration in respect of the outstanding SMKK shares, inclusive of the US$25 million option, amounts to US$75 million. SMKK is the title holder of some exploration permit assets contiguous to the Group's existing operations in the Democratic Republic of the Congo ('DRC'). It is expected that this transaction will be completed by Q3 2010.
8. The Kazakhstani tenge ('KZT') to US dollar ('US$') spot exchange rate as at 31 March 2010 was KZT146.98/US$1.00. The average exchange rate for the three months ended 31 March 2010 was KZT147.70/US$1.00 (three months to 31 March 2009: KZT138.97/US$1.00); the average exchange rate for Q4 2009 was KZT149.80/US$1.00.
9. On 4 February 2009 the Government of the Republic of Kazakhstan announced that the tenge would be devalued against the US dollar by approximately 25% to about KZT150/US$. On 30 December 2009 the Central Bank of Kazakhstan announced that, going forward, it would seek to maintain a wider currency range of KZT127.5/US$ to KZT165/US$. If the tenge were to appreciate this would add to the reported costs base of the Group, as it represents approximately 75% of the Group's Kazakhstani businesses Cost of sales.

Production Report for the First Quarter Ended 31 March 2010

The information in this Production Report, unless stated otherwise, relates to the three months ended 31 March 2010, and is compared to the corresponding three months ended 31 March 2009.

Group production volumes overall for the quarter ended 31 March 2010 were significantly ahead of those in Q1 2009, which was affected by cutbacks initiated in Q4 2008 in response to the downturn. In Q1 2010 the Ferroalloys and Iron Ore Divisions in Kazakhstan continued to operate at effectively full capacity. In the Alumina and Aluminium Division there was a further improvement in aluminium volumes as the ramp up to full Phase 2 production continued. The Other Non-ferrous Division is included for the full quarter. There was a small decrease in production volumes in Q1 2010 compared to Q4 2009, due in part to there being fewer calendar days in Q1 2010.

- **Ferroalloys Division.** Volumes for all products significantly increased versus Q1 2009:
  - 34.7% increase for saleable chrome ore;
  - 104.9% increase for saleable manganese concentrate; and
  - 76.3% increase for total ferroalloys; 65.3% for high-carbon ferrochrome.

  Ferrochrome production increased 70.0% compared to Q1 2009, including 56 kt from Serov and Tuoli (Q1 2009: 10 kt). Serov had thirteen (of seventeen) furnaces in operation at the end of March, whilst Tuoli had all four furnaces in operation. As in Q4 2009 ferroalloys production in Kazakhstan broadly remained at effectively full capacity.
- **Iron Ore Division.** Production volumes rose significantly compared to Q1 2009, reflecting the recovery in market activity:
  - 61.7% increase for iron ore extraction;
  - 59.4% increase for primary concentrate; and
  - 56.1% increase for saleable ore.

  The proportion of pellet in the saleable mix increased relative to Q1 2009, with production almost tripling, reflecting improved demand. Saleable concentrate production rose 3.3%. Against Q4 2009, there was a slight decrease in primary concentrate and related production, mainly reflecting the lower grade of ore mined and processed.
- **Alumina and Aluminium Division.** Bauxite extraction volumes increased 11.1% whilst alumina production increased 2.3% compared to Q1 2009. The Division produced 45 kt of aluminium, with half of the Phase 2 pots of the smelter being put into operation in December. Against Q4 2009 alumina volumes were largely flat, whilst aluminium increased strongly.
- **Other Non-ferrous Division**. Saleable copper production in Q1 2010 was 4,152 t and saleable cobalt concentrate production was 1,864 t.
- **Energy Division.** Coal extraction increased 7.1% compared to Q1 2009, in response to a recovery in demand. Electricity generation increased 7.8% compared to Q1 2009, due to increased demand and reinstated capacity. Internal sales rose 63.4% against Q1 2009. Against Q4 2009, coal extraction saw a moderate decline, however electricity generation increased modestly.

  Logistics Division. The tonnage of goods transported by railway increased 18.7% versus the comparable period in 2009 as a result of improved activity. Volumes decreased 7.9% against Q4 2009 due to adverse weather conditions.

Production volumes for Q4 2009 are provided for information only. Within the Ferroalloys Division production volumes, unless otherwise stated, include Serov, and Tuoli. The Q4 2009 information set out in the Production Report for the Other Non-ferrous Division (formerly the businesses of Central African Mining & Exploration Company PLC), relates to the two-months ended 31 December 2009. The acquisition of CAMEC as a subsidiary was effective from 9 November 2009.

All references to ‘t’ in the Production Report are to metric tonnes unless otherwise stated, all references to ‘kt’ in the Production Report are to thousand metric tonnes unless otherwise stated and all references to ‘mt’ are to million 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

		Q1 2010	Q1 2009	*Q1 2010 v Q1 2009 % growth*	Q4 2009	*Q1 2010 v Q4 2009 % growth*
Chrome ore						
Ore extraction (Run of Mine, 'RoM')	000' t	**1,146**	843	*35.9%*	1,242	*(7.7)%*
Saleable ore production	000' t	**839**	623	*34.7%*	984	*(14.7)%*
Internal consumption of saleable ore	000' t	**753**	410	*83.7%*	736	*2.3%*
- percentage		***89.7%***	*65.8%*		*74.8%*	
Manganese ore						
Ore extraction (RoM)	000' t	**552**	323	*70.9%*	548	*0.7%*
Processing of low grade stockpiles	000' t	**80**	169	*(52.7)%*	195	*(59.0)%*
Saleable concentrate production	000' t	**166**	81	*104.9%*	213	*(22.1)%*
Internal consumption of saleable concentrate	000' t	**101**	79	*27.8%*	99	*2.0%*
- percentage		***60.8%***	*97.5%*		*46.5%*	
Iron-Manganese ore						
Ore extraction (RoM)	000' t	**30**	40	*(25.0)%*	15	*100.0%*
Processing of low grade stockpiles	000' t	**0**	0	*NA*	34	*NA*
Saleable concentrate production	000' t	**8**	0	*NA*	12	*(33.3)%*

Chrome ore extraction amounted to 1,146 kt (Q1 2009: 843 kt), an increase of 35.9% from Q1 2009, which was adversely affected by cutbacks initiated in Q4 2008 in response to the downturn, but a decrease of 7.7% on Q4 2009 in line with a planned reduction. The Division produced 839 kt of saleable chrome ore, an increase of 34.7% compared to Q1 2009, but a decrease of 14.7% relative to Q4 2009 due also to a slightly lower grade of ore being mined. Of the saleable chrome ore produced, 753 kt, representing 89.7% (Q1 2009: 65.8%), was consumed internally to produce ferroalloys.

Manganese ore extraction increased 229 kt, or 70.9%, to 552 kt (Q1 2009: 323 kt), and was broadly in line with the Q4 2009 level. The processing of low grade stocks decreased 89 kt, or 52.7%, compared to Q1 2009 and decreased 59.0% on Q4 2009. Saleable manganese concentrate production increased 104.9%, to 166 kt, compared to Q1 2009 but decreased 22.1% against Q4 2009, due to seasonal flooding, occurring in March 2010, which affected the delivery of manganese ore from the mines to the processing units at both Zhairem and Kazmarganets. There was no material damage caused by the flooding and no ongoing impact on production.

Production at Zhairem GOK, which mainly sells manganese concentrates for export, doubled from Q1 2009 to 124 kt (Q1 2009: 57 kt), but decreased 16.2% compared to Q4 2009 due to adverse weather conditions. Production of 42 kt at Kazmarganets, which supplies manganese concentrates to the Aksu ferroalloys plant for use in silico-manganese production, increased 82.6% from Q1 2009 (23 kt), but decreased 35.4% from Q4 2009, again due to flooding affecting the region. Silico-manganese production was not impacted as there was a sufficient buffer stock of material at the Aksu plant. The proportion of total manganese concentrate production consumed internally was significantly lower than in Q1 2009 (Q1 2010: 60.8%; Q1 2009: 97.5%) reflecting lower external demand in Q1 2009.

Production of saleable iron-manganese concentrate resumed in Q4 2009 but remained low due to weak demand.

Ferroalloys Production

		Q1 2010	Q1 2009	Q1 2010 v Q1 2009 % growth	Q4 2009	Q1 2010 v Q4 2009 % growth
Ferrochrome	**000' t**	**345**	203	*70.0%*	351	*(1.7)%*
- High-carbon	000' t	**314**	190	*65.3%*	321	*(2.2)%*
- Medium-carbon	000' t	**11**	3	*266.7%*	10	*10.0%*
- Low-carbon	000' t	**20**	10	*100.0%*	20	*0.0%*
Ferrosilicochrome	000' t	**40**	10	*300.0%*	37	*8.1%*
Silico-manganese	000' t	**49**	37	*32.4%*	48	*2.1%*
Ferro-silicon	000' t	**12**	2	*500.0%*	12	*0.0%*
Total ferroalloys	**000' t**	**446**	253	*76.3%*	448	*(0.4)%*
Internal consumption of ferroalloys	000' t	**57**	48	*18.8%*	64	*(10.9)%*
- percentage		***12.8%***	*19.0%*		*14.3%*	

Note: table may not sum precisely due to roundings.

In Q1 2010, the Ferroalloys Division produced 446 kt of ferroalloys, an increase of 76.3% compared to Q1 2009, which was adversely affected by cutbacks initiated in Q4 2008 in response to the downturn, and broadly in line with Q4 2009. Within this the Division produced 345 kt of ferrochrome, an increase of 70.0% compared to Q1 2009, but a decrease of 1.7% against Q4 2009. High-carbon ferrochrome production increased 65.3% compared to Q1 2009 but declined 2.2% versus Q4 2009 due to there being fewer calendar days in Q1 2010. All other ferroalloys production also increased significantly from Q1 2009, reflecting the continued recovery in demand. Internal consumption of ferroalloys increased 9 kt, or 18.8%, compared to Q1 2009, whilst the rate of internal consumption of total ferroalloys production decreased to 12.8% (Q1 2009: 19.0%) and was below the level of Q4 2009 (14.3%). This was partly due to the re-smelting of high-carbon ferrochrome fines in Q4 2009 that did not continue in Q1 2010.

Serov added 60 kt to total ferroalloys production in Q1 2010, with volumes slightly higher than in Q4 2009. Production remained below full capacity levels for the principal products whilst the production of medium-carbon ferrochrome, stopped in Q4 2008, had not been restarted by the end of Q1 2010, reflecting market conditions. At the end of March 2010, thirteen (of seventeen) furnaces (31 December 2009: eleven) were in operation, with one furnace undergoing capital repairs.

Tuoli added 15 kt of high-carbon ferrochrome to total ferroalloys production in Q1 2010. At the end of March 2010, all four furnaces were in operation (31 December 2009: three). Technical problems affecting the agglomeration of fine ore in cold weather conditions that arose in Q4 2009 continued to affect the productivity of the furnaces in Q1 2010.

Ferroalloys capacity utilisation in Q1 2010 for Kazchrome was 98% (Q4 2009: 97%; Q1 2009: 62%), for Serov 89% (Q4 2009: 77%; Q1 2009: 25%) and for Tuoli 77% (Q4 2009: 75%; Q1 2009: 0%).

IRON ORE DIVISION

		Q1 2010	Q1 2009	*Q1 2010 v Q1 2009 % growth*	Q4 2009	*Q1 2010 v Q4 2009 % growth*
Ore extraction (RoM)	000' t	**10,697**	6,617	*61.7%*	10,639	*0.5%*
Primary concentrate production	000' t	**4,236**	2,657	*59.4%*	4,389	*(3.5)%*
Saleable concentrate production	000' t	**1,894**	1,834	*3.3%*	1,929	*(1.8)%*
Saleable pellet production	000' t	**2,171**	770	*181.9%*	2,295	*(5.4)%*

In Q1 2010, the Iron Ore Division extracted 10,697 kt of iron ore, an increase of 61.7% compared to Q1 2009, which was adversely affected by cutbacks initiated in Q4 2008 in response to the downturn. Ore extraction was in line with Q4 2009 and remained at full available capacity following the recovery in demand through 2009. The Division produced 4,236 kt of primary concentrate, a 59.4% increase compared to Q1 2009, but a slight decrease of 153 kt, or 3.5%, compared to Q4 2009, due to lower iron content.

In Q1 2010 saleable concentrate production (with an iron content of 65.4%), of 1,894 kt, increased 3.3% compared to Q1 2009 (Q1 2009: 1,834 kt), but decreased 1.8%, or 35 kt, compared to Q4 2009 (1,929 kt). Pellet production (with an iron content of 63.1%) increased 181.9% compared to Q1 2009, reflecting increased demand for the higher quality product, but decreased 5.4% from Q4 2009. There was a small decrease in primary concentrate, saleable concentrate and pellet production compared to Q4 2009. This reflected the lower grade of ore mined and processed and adverse weather conditions affecting the transportation of ore to the processing plant, as well as there being fewer calendar days in Q1 2010 than Q4 2009.

Capacity utilisation for primary concentrate production in Q1 2010 was 95% (Q4 2009: 97%; Q1 2009: 60%), having been affected by the lower quality of processed ore.

ALUMINA AND ALUMINIUM DIVISION

		Q1 2010	Q1 2009	Q1 2010 v Q1 2009 % growth	Q4 2009	Q1 2010 v Q4 2009 % growth
Bauxite extraction (RoM)	000' t	**1,305**	1,175	*11.1%*	1,235	*5.7%*
Alumina production	000' t	**404**	395	*2.3%*	410	*(1.5)%*
Internal consumption of alumina	000' t	**88**	59	*49.2%*	72	*22.2%*
- percentage		***21.8%***	*14.9%*		*17.6%*	
Aluminium production	000' t	**45**	31	*45.2%*	36	*25.0%*
Gallium production	kilogrammes	**4,469**	4,302	*3.9%*	4,831	*(7.5)%*

In Q1 2010, the Alumina and Aluminium Division extracted 1,305 kt of bauxite, an increase of 11.1% from Q1 2009 and 5.7% compared to Q4 2009. Alumina production from bauxite increased 2.3% from Q1 2009 but decreased slightly compared to Q4 2009.

In Q4 2009, the first Phase 2 aluminium was produced as half of the Phase 2 pots were put into operation in December 2009. In Q1 2010 internal consumption of alumina amounted to 88 kt, representing 21.8% (Q1 2009: 14.9%) of total alumina production.

Primary aluminium production in Q1 2010 was 45 kt, a 45.2% increase on Q1 2009 and a 25.0% increase on Q4 2009, reflecting the additional metal being produced by the operational Phase 2 pots.

As of today, the aluminium smelter is fully operational with Phase 2 completed and producing at its annual run rate capacity of 250 kt.

Gallium production in Q1 2010 was 4,469 kilogrammes, a 3.9% increase from Q1 2009 and a 7.5% decrease compared to Q4 2009.

OTHER NON-FERROUS DIVISION

The Q4 2009 production data for the Other Non-ferrous Division (formerly the businesses of Central African Mining & Exploration Company PLC ('CAMEC')), relates to the two-months ended 31 December 2009. The acquisition of CAMEC was effective from 9 November 2009.

Copper and Cobalt Production

		Q1 2010	November and December 2009
Copper			
Ore extraction (RoM)	000' t	313	215
Saleable copper cathode	t	4,152	2,771
Cobalt			
Ore extraction (RoM)	000' t	224	169
Saleable cobalt concentrate	t	1,864	1,297

Copper production for Q1 2010 remained in line with the run-rate of Q4 2009. Copper production is from the heap leaching of oxide ores over three to four months to attain the correct solution grade of copper. Two additional heap leach pads, currently being equipped, are expected to be operational by Q3 2010 and will increase available capacity.

Cobalt concentrate production was slightly lower than the run-rate of Q4 2009 in line with the grades of processed ore. The rainy season had a slight impact on operations but stockpiled ore ensured a steady feed to the plants.

ENERGY DIVISION

		Q1 2010	Q1 2009	Q1 2010 v Q1 2009 % growth	Q4 2009	Q1 2010 v Q4 2009 % growth
Coal extraction (RoM)	000' t	**5,657**	5,284	*7.1%*	5,995	*(5.6)%*
Energy Division consumption of coal	000' t	**2,331**	2,087	*11.7%*	2,226	*4.7%*
- percentage		***41.2%***	*39.5%*		*37.1%*	
Sales of coal to other Group Divisions	000' t	**1,442**	1,260	*14.4%*	1,359	*6.1%*
- percentage		***25.5%***	*23.8%*		*22.7%*	
Electricity generation	GWh	**3,655**	3,390	*7.8%*	3,566	*2.5%*
Sales of electricity to other Group Divisions	GWh	**2,408**	1,474	*63.4%*	2,528	*(4.7)%*
- percentage		***65.9%***	*43.5%*		*70.9%*	

In Q1 2010, the Energy Division extracted 5,657 kt of coal from the Vostochny mine. This was an increase of 7.1% compared to Q1 2009 but a decrease of 5.6% from Q4 2009 due to reduced demand from Russian customers during January 2010.

Electricity generation in the period was 3,655 GWh, an increase of 7.8% on Q1 2009, mainly reflecting a recovery in demand and the reinstated capacity available. The increase of 2.5% from Q4 2009 reflects increased demand. Electricity supplied by the Energy Division to other Group entities was 2,408 GWh, or 65.9% of total energy generation. This was a net 934 GWh increase from the comparable quarter of 2009 (Q1 2009: 43.5% of total energy generation) but a decrease of 4.7% compared to Q4 2009 as the Ferroalloys and Iron Ore Divisions sourced some of their electricity power requirements from the Alumina and Aluminium Division.

Previously the Alumina and Aluminium Division sold its surplus electricity to third parties in the Pavlodar region. In Q1 2010, in response to changes in the State electricity tariffs, management determined that it would be more effective at the Group level to supply a proportion of the electricity requirements of the Ferroalloys and Iron Ore Divisions from the power station of the Alumina and Aluminium Division. The additional surplus electricity of the Energy Division was then available for third party sales.

The growth in internal consumption compared to Q1 2009 was due to an increase in Ferroalloys Division consumption of 637 GWh (Q1 2010: 1,472 GWh; Q1 2009: 835 GWh). This was principally due to the recovery in production volumes. Supply to the aluminium smelter increased 209 GWh (Q1 2010: 694 GWh; Q1 2009: 485 GWh), reflecting the additional energy demand arising when half of the smelter's Phase 2 pots were put into operation in December 2009. An 88 GWh increase in consumption by the Iron Ore Division (Q1 2010: 242 GWh; Q1 2009: 154 GWh) was due to production recovering to full capacity in Q4 2009.

External sales of electricity of 982 GWh decreased 70.5% compared to Q1 2009 (1,674 GWh), as internal requirements recovered from the cutbacks initiated in Q4 2008, but rose 26.7% against Q4 2009 (775 GWh), due to the restructuring of supplies to other Group Divisions in Q1 2010 noted above.

LOGISTICS DIVISION

		Q1 2010	Q1 2009	*Q1 2010 v Q1 2009 % growth*	Q4 2009	*Q1 2010 v Q4 2009 % growth*
Tonnage of products transported by railway	000' t	**15,121**	12,734	*18.7%*	16,419	*(7.9)%*
Percentage of products tonnage attributable to third parties		*8.7%*	*8.5%*		*12.1%*	

In Q1 2010 the Logistics Division transported 15,121 kt by railway, an increase of 18.7% compared to Q1 2009 which was affected by production cutbacks in the Ferroalloys and Iron Ore Divisions. There was a decrease of 7.9% in the tonnage of products transported in Q1 2010 versus Q4 2009 due to a reduced availability of railcars as a result of flooding and adverse weather conditions that affected railway transportation throughout Kazakhstan. This also affected the proportion of third-party tonnage.

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