15 August 2012

Eurasian Natural Resources Corporation PLC

Announcement of 2012 Half Year Results

Financial Highlights for H1 2012
- Financial performance impacted predominantly by a decline in commodity prices and a challenging economic environment.
- Revenue decreased 19% to US$3,246 million.
- Cost of sales up 4% to US$1,757 million, driven by increased inflation, increased depreciation and higher wage rates.
- Underlying EBITDA fell 41% to US$1,144 million; Underlying EBITDA margin of 35%.
- Earnings per share down 60% to US 36 cents.
- Dividend of US 6.5 cents per share; payout ratio of 18% maintained.
- Gross available funds of US$1,565 million; borrowings of US$4,940 million. US$3.0 billion of additional facilities obtained since the start of 2012 to fund growth projects.

Business Highlights for H1 2012
- Sustained good demand for key products.
- Cost control and productivity enhancing initiatives helped to keep unit costs for key products below expectations.
- Capital expenditure of US$1,047 million; focus on development of key strategic projects, notably the new Aktobe ferroalloys plant, anode plant, Power Unit 6 at EEC and the expansion of logistics capacity.
- Continued progress in Africa: material increases in copper production; agreement reached with First Quantum Minerals (‘FQM’) to acquire its DRC copper assets; post period granting of the new licence for the Frontier copper mine in the DRC.
- Acquisition of all outstanding shares in Shubarkol completed, strengthening portfolio of Tier-1 assets and providing synergies to our core businesses in Kazakhstan.

Outlook for Full Year 2012
- Capital expenditure reduced to US$2.4 billion for 2012; overall capex programme in advanced stages of review to reprioritise investment spend; comprised of total committed expansionary capex of US$2.3 billion and capex under review of US$8.8 billion.
- Production expected to be at full available capacity across all Divisions in H2 2012; increased copper volumes expected, as well as recoveries in iron ore and alumina volumes.
- Volatile market environment and pricing uncertainty to persist, but competitive advantage of low-cost position in Kazakhstan to be maintained.
- Industry cost pressures to continue, albeit at a slightly lower level than previously guided. Social spend to be maintained at approximately 2011 levels.
- On-going assessment of options to best unlock value for shareholders, including demerging of the international operations of the Group.

“ENRC has shown a resilient performance in the first half of 2012, a period characterised by deepening economic uncertainty and declining prices for our key products. In the light of these market conditions we have concentrated on controlling our costs and enhancing productivity, with unit cost inflation falling well below our earlier guidance. Furthermore, we have implemented a review of our capex projects and are revising the development plan for our copper assets in the DRC, so as to improve the capital efficiency of our investment programme and returns to shareholders. Our growth programme in both Kazakhstan and internationally, has progressed well and is on-track to deliver significant value in the coming years. We expect that demand will remain robust for our core commodities in the second half of the year.”
Felix J Vulis, Chief Executive Officer

Eurasian Natural Resources Corporation PLC

Summary Group Financial Information (Unaudited):

In millions of US$ (unless otherwise stated)	**H1 2012**	H1 2011	H1 2012 vs. H1 2011 +/-	H1 2012 vs. H1 2011 %
Revenue	**3,246**	4,011	(765)	*(19.1)%*
Cost of sales	**(1,757)**	(1,690)	(67)	*4.0%*
Gross profit	**1,489**	2,321	(832)	*(35.8)%*
Operating profit	**800**	1,667	(867)	*(52.0)%*
Profit before income tax	**667**	1,631	(964)	*(59.1)%*
Income tax expense	**(212)**	(449)	237	*(52.8)%*
Effective tax rate %	***31.8%***	*27.5%*		
Profit for the period	**455**	1,182	(727)	*(61.5)%*
Profit attributable to equity holders of the Company	**463**	1,166	(703)	*(60.3)%*
Earnings per share - basic and diluted (US cents)	**36**	91	(55)	*(60.5)%*
Interim dividend per share (US cents)	**6.5**	16.0	(9.5)	*(59.4)%*
Total depreciation, amortisation and impairment	**(324)**	(260)	(64)	*24.6%*
Loss arising related to acquisition of associate	**(14)**	-	(14)	*100.0%*
Acquisition related costs	**(6)**	-	(6)	*100.0%*
Total costs[1]	**(2,446)**	(2,344)	(102)	*4.4%*
Underlying EBITDA[2]	**1,144**	1,927	(783)	*(40.6)%*
Underlying EBITDA margin %[3]	***35.2%***	*48.0%*		
Net cash generated from operations	**724**	1,184	(460)	*(38.9)%*
Capital expenditure	**1,047**	697	350	*50.2%*
Gross available funds[4]	**1,565**	1,600	(35)	*(2.2)%*
Net debt[5]	**(3,411)**	(2)	(3,409)	*>100.0%*

[1] Total costs: Cost of sales; distribution costs; general and administrative expenses; exploration costs and other operating expenses offset by other operating income.
[2] Underlying EBITDA: Profit before finance income, finance cost, income tax expense, depreciation, amortisation and impairment of property, plant and equipment and intangible assets, net gains and losses on derivatives not qualifying for hedge accounting, share of profit or loss of joint ventures and associates, loss arising related to acquisition of associate and acquisition related credit/costs expensed under IFRS 3 (revised).
[3] Underlying EBITDA margin: Underlying EBITDA as a percentage of revenue.
[4] Gross available funds: Cash and cash equivalents plus term deposits and other financial assets and less non-current available-for-sale financial assets and other restricted financial assets.
[5] Net debt: Cash and cash equivalents less current and non-current borrowings.

RESULTS OF OPERATIONS (Unaudited)

The following table sets out selected financial information of the Group's operations for the six months ended 30 June 2012 and 30 June 2011:

In millions of US$ (unless stated otherwise)	Ferroalloys	Iron Ore	Alumina and Aluminium	Other Non-ferrous[1]	Energy	Logistics[1]	Corporate	Intra Group Eliminations	Total
Segment revenue									
2012	**1,333**	**983**	**453**	**302**	**358**	**164**	**4**	**(351)**	**3,246**
2011	1,644	1,296	577	327	313	143	6	(295)	4,011
Segment operating profit/(loss)									
2012	**390**	**416**	**(6)**	**(109)**	**157**	**22**	**(70)**	**-**	**800**
2011	595	786	141	5	159	25	(44)	-	1,667
Segment operating profit/(loss) margin									
2012	***29.3%***	***42.3%***	***(1.3)%***	***(36.1)%***	***43.9%***	***13.4%***	***n/a***	**-**	***24.6%***
2011	*36.2%*	*60.6%*	*24.4%*	*1.5%*	*50.8%*	*17.5%*	*n/a*	-	*41.6%*
Underlying EBITDA[2]									
2012	**458**	**473**	**48**	**(13)**	**210**	**35**	**(67)**	**-**	**1,144**
2011	655	835	188	66	188	37	(42)	-	1,927
Underlying EBITDA margin[3]									
2012	***34.4%***	***48.1%***	***10.6%***	***(4.3)%***	***58.7%***	***21.3%***	***n/a***	**-**	***35.2%***
2011	*39.8%*	*64.4%*	*32.6%*	*20.2%*	*60.1%*	*25.9%*	*n/a*	-	*48.0%*
% of Group revenue excluding inter-segmental revenues									
2012	***40.8%***	***30.3%***	***13.6%***	***9.3%***	***4.7%***	***1.3%***	***0.0%***	**-**	***100.0%***
2011	*40.8%*	*32.3%*	*14.0%*	*8.2%*	*3.2%*	*1.4%*	*0.1%*	-	*100.0%*
% of Group underlying EBITDA									
2012	***40.0%***	***41.3%***	***4.2%***	***(1.1)%***	***18.4%***	***3.1%***	***(5.9)%***	**-**	***100.0%***
2011	*34.0%*	*43.3%*	*9.8%*	*3.4%*	*9.8%*	*1.9%*	*(2.2)%*	-	*100.0%*

[1] The management of the SABOT logistics business was transferred during H2 2011 to the Other Non-ferrous Division from the Logistics Division resulting in a restatement to H1 2011.
[2] Underlying EBITDA: Profit before finance income, finance cost, income tax expense, depreciation, amortisation and impairment of property, plant and equipment and intangible assets, net gains and losses on derivatives not qualifying for hedge accounting, share of profit or loss of joint ventures and associates, loss arising related to acquisition of associate and acquisition related credit/costs now expensed under IFRS 3 (revised).
[3] Underlying EBITDA margin: Underlying EBITDA as a percentage of revenue.

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The information set out in this announcement relates to the six months ended 30 June 2012 and, unless otherwise stated, is compared to the corresponding period of 2011, the six months ended 30 June 2011. The Chief Executive Officer's Outlook statement includes an update for the period since 30 June 2012. Where applicable in the document all references to 't' are to metric tonnes, to 'kt' are to thousand metric tonnes, and 'mt' to million metric tonnes unless otherwise stated. Unless stated otherwise, statements relating to market data contained in this announcement are based on external sources, for example research institutes and industry bodies, including: CRU, Heinz H Pariser, the IMF, and others, and are derived from actual and/or estimated data relating to 2011 and 2012 and are prepared in H1 2012 or early H2 2012.

Eurasian Natural Resources Corporation PLC ('ENRC') will announce its 2012 Half Year Results on 15 August 2012. There will be a presentation to investors and analysts, commencing at 09.30 (London time) in the Auditorium at Deutsche Bank, 75 London Wall, London, EC2N 2DB, United Kingdom. There will be a simultaneous webcast and audiocast on the ENRC website (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.

Listing Rules

This 2012 Half Year Results Announcement has been prepared to meet the requirements of the Listing Rules of the United Kingdom's Financial Services Authority ('FSA') to provide additional information to shareholders and should not be relied on for any other purpose or by any other party.

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CHIEF EXECUTIVE OFFICER'S STATEMENT

ENRC has delivered a solid operational performance in the first half of 2012 despite challenging market conditions. The Group's financial results have reflected the decline in commodity prices, continued cost inflation in Kazakhstan, as well as the costs of growing our business in Africa and Brazil. ENRC has reported underlying EBITDA of US$1,144 million a decrease of 41% and a decrease in Earnings per Share ('EPS') of 60% to US 36 cents.

The Group's growth strategy in both Kazakhstan and internationally has advanced well during the period. The key investment project in the Ferroalloys Division, the new Aktobe ferroalloys plant, has progressed within budget and is on-track for commissioning in Q4 2013, with planned production in the first full year of operation in 2014 of approximately 400 kt of high carbon ferrochrome. The construction of the anode plant within the Alumina and Aluminium Division will be commissioned at the end of this year, reducing our production cost of aluminium, as well as our reliance on third-party suppliers.

ENRC's integrated model and advantageous low cost position in Kazakhstan underpin our competitive advantage. We have continued to strengthen this model, increasing our self-sufficiency in both the Energy and Logistics Divisions through the expansion of our own rail fleet and the reconstruction of Power Unit 6. The Logistics Division acquired a further 626 wagons during the period and Power Unit 6, which will have a capacity of 325MW, is on-track for commissioning in H2 2013.

In Brazil we have completed all of the required public hearings related to the port environmental licence and are awaiting a response on our environmental plan from the relevant authorities.

This has been a pivotal year so far for the growth and development of our assets in Africa. Our copper strategy has been significantly progressed through the acquisition of the processing plants at Kolwezi and Frontier in March this year from First Quantum Minerals Ltd. ('FQM') and the recent granting of the new Frontier mining licence. Across the Group we are focused on prioritising those projects with the highest returns and following our recent acquisitions in the DRC, we are in the process of revising our copper development plans. We intend to fast-track the recommissioning of Frontier and the completion of our processing plant at Kolwezi, potentially delaying further expansion at Boss Mining in the short-term but ultimately improving the efficiency of our capital investment programme in the DRC. We plan to hold a seminar to update the market on our copper development plans on 2 October 2012 in London. On revising our plans we will be firmly on track to become a significant global copper producer.

ENRC believes that the future success of our business depends upon addressing the sustainability challenges that we face today. As part of the Group's commitment to reporting on key non-financial data, we released our first standalone Sustainable Development Report in May this year, prepared under the guidance of the Global Reporting Initiative Sustainability Reporting Guidelines. Independent assurance of the report was provided by PricewaterhouseCoopers LLP.

The Group has taken a number of important steps forward in 2012 to improve corporate governance and in May this year the Board was strengthened by the appointment of Richard Burrows and Mohsen Khalil as Independent Non-executive Directors. Of the Group's twelve directors, 8 are now Independent Non-executives.

The Board continues to assess options to best unlock value for shareholders, including demerging of the international operations of the Group. In this regard, the Board is being independently advised by Lazard. We will update the market once the review process has been completed.

I would like to extend sincere thanks to our employees for their on-going loyalty, dedication and hard work during the first half of 2012.

PRODUCTION PERFORMANCE

Both of the Group's key divisions, Ferroalloys and Iron Ore, were impacted by unscheduled repairs and maintenance during the period, while ore extraction within the Iron Ore Division was further curtailed by a temporary decline in ore quality. The Group no longer controls Tuoli, the Chinese ferroalloy plant, and volumes from Tuoli have not been reflected in the comparable numbers below. Temporary interruptions to the supply of soda ash caused a drop in alumina production, while the aluminium smelter and the Energy Division both operated at full available capacity. Despite constraints on power availability at Boss Mining in the DRC, the Other Non-ferrous Division showed strong growth in copper volumes as expected.

- Ferroalloys: chrome ore extraction was below full capacity, amounting to 2.35 mt (H1 2011: 2.42 mt). Saleable ferrochrome production was 595 kt (H1 2011: 614 kt), while production of total saleable ferroalloys was relatively stable at 752 kt (H1 2011: 759 kt).
- Iron Ore: both iron ore extraction and the production of primary concentrate decreased against the comparable period. Pellet volumes amounted to 3,687 kt (H1 2011: 4,326 kt), or 49.1% (H1 2011: 54.0%) of the mix, with total saleable production declining to 7,511 kt (H1 2011: 8,006 kt).
- Alumina and Aluminium: both bauxite and alumina volumes decreased against the comparable period. Aluminium volumes were maintained at 124 kt (H1 2011: 124 kt) reflecting the smelter operating at its nameplate capacity.
- Other Non-ferrous: total saleable copper contained production increased 25.6% to 17,493 t (H1 2011: 13,933 t), whilst that of cobalt was 5,351 t (H1 2011: 5,471 t), a decrease of 2.2%.
- Energy: coal extraction at Vostochny amounted to 10,258 kt (H1 2011: 10,165 kt) and power generation of 7,177 GWh (H1 2011: 6,900 GWh), both ahead of the comparable period. Shubarkol volumes as of 1 May 2012 were reported for the first time, with coal extraction amounting to 927 kt and semi-coke production of 34 kt.

FINANCIAL PERFORMANCE

Our financial results were primarily impacted by deterioration in prices across our suite of commodities. These declines were further exacerbated by reduced sales volumes. Revenue declined by 19% to US$3,246 million (H1 2011: US$4,011 million) and underlying EBITDA fell 41% to US$1,144 million (H1 2011: US$1,927 million). During the period the Group experienced continued cost inflation in Kazakhstan, higher levels of depreciation and amortisation, heightened finance costs, as well as an increase in its Effective Tax Rate ('ETR'), resulting in a fall in basic EPS of 60% to US 36 cents per share (H1 2011: US 91 cents). A more detailed discussion of financial performance is contained in the Chief Financial Officer's review.

SAFETY AND ENVIRONMENT

The total number of Group work-related injuries on comparable basis, including fatalities, to employees in H1 2012 was 39 (H1 2011: 33). The Group Lost Time Injury Frequency Rate ('LTIFR') for H1 2012 was 0.59 (H1 2011: 0.48). As with fatalities, our LTIFR reporting currently adopts Kazakhstan classifications across the Group, leading to a lower number of reported LTI cases compared to international practice. We are currently working towards gathering more comprehensive data for 2012 internal reporting. We continue to focus on developing our safety culture and behaviours through our work with DuPont.

We continued to advance our classification process so as to align it with international standards and in 2012 have, for the first time, comparable data for contractors' fatalities. The total number of fatalities, including on-site work and non-work related fatalities and contractors, was 12 in H1 2012

(H1 2011: 4). Of this, employees totalled 6 fatalities, including 1 fatality at Shubarkol since acquisition. We view all fatalities as unacceptable and express our sincere condolences to the families involved. Our safety programmes will continue to focus on understanding the causes of, and eliminating, all fatalities. In this regard, the prescriptive compliance based approach we previously operated is increasingly being replaced with a safety culture of personal responsibility and behavioural change.

The Group continually seeks to reduce its environmental impact and we recognise the seriousness of the issue of climate change, believing that the reduction of greenhouse gas ('GHG') emissions is a necessity. In 2012 we reported for the first time our GHG performance to the Carbon Disclosure Project, a key survey reflecting GHG data and management's approach to this issue.

CAPITAL EXPENDITURE

In H1 2012 the Group's capital expenditure amounted to US$1,047 million (H1 2011: US$697 million), an increase of 50%. The major portion of expenditures occurred within the Other Non-ferrous Division, followed by the Ferroalloys and Iron Ore Divisions.

An overview of the current status of the main expansionary projects is as follows:

- Ferroalloys: construction of the new Aktobe ferroalloys plant is progressing according to schedule
- Iron ore: development of mine expansion projects is in progress
- Alumina and Aluminium: commissioning of the anode plant on track for H2 2012
- Other Non-ferrous: development and review of the copper expansion strategy
- Energy: reconstruction of Power Unit 6 at Aksu is underway
- Logistics: continued expansion of railway fleet in Kazakhstan

ENRC is in the advanced stages of reviewing all capital expenditure projects that are not currently in execution. These 'Under Review' projects will be reassessed both in terms of their scope and timing in order to reflect current market and economic conditions, timing of regulatory approvals, return on investment and payback period. All projects within the full capital expenditure programme, described in the Chief Financial Officer's section of this report, have subsequently been reclassified as either 'Committed' (projects in execution) or 'Under Review'.

Estimated capital expenditure for 2012 is expected to decrease against previous guidance of US$2.7 billion to approximately US$2.4 billion of which US$0.8 billion relates to sustaining capital expenditure. The Group's total capital expenditure programme for its expansionary projects is US$11.1 billion, comprised of US$2.3 billion of committed capital expenditure and US$8.8 billion as projects under review.

ACQUISITIONS

The Group has undertaken a number of acquisitions during 2012; primarily to strengthen its growth platform and to fast-track copper production in the DRC, as well as to reinforce the Group's integrated business model in Kazakhstan.

In March the Group announced that it had acquired all of the residual copper assets relating to FQM in the DRC for a total consideration of US$1.25 billion. The total consideration comprised US$750 million paid upon closing in March 2012, with a deferred consideration of US$500 million in the form of a 3-year Promissory Note with an interest coupon of 3%, payable annually in arrears.

In April 2012 ENRC completed the acquisition of the outstanding 75% of the ordinary shares of Shubarkol, for an aggregate purchase price of US$600 million, plus assumed debt of US$50 million.

Shubarkol is an important strategic acquisition, securing reliable access to a supply of high quality and low-cost thermal coal, with planned production in 2012 of approximately 8 million tonnes.

After the period end, in July 2012, the DRC Government granted the Group a new mining licence in respect of the Frontier mine for US$101.5 million. The new Frontier licence will provide feed for the Frontier processing plant, acquired as part of the transaction with FQM completed in March 2012. This licence will allow us to progress operations and expedite plans to ramp up copper production in Africa.

OUTLOOK

The first half of 2012 has been characterised by volatility and uncertainty across global markets, leading to a steadily declining pricing environment for our key commodities. We expect these features to persist for the remainder of the year. However, it is in such an economic climate that being one of the world's lowest cost producers comes into its own. We expect our operations will produce at full available capacity for the remainder of the year and that demand will remain robust for our core products.

Looking further ahead, we anticipate annualised industrial production growth in China in excess of 8% over the next 5 years, with steel production growing at around 5%. The competitive edge of our proximity to China cannot be underestimated and in North West China alone there is the potential for as many as 10 new steel plants and expansion projects by 2015. We continue to work to ensure that we take full advantage of this growing customer base on our doorstep.

Felix J Vulis
Chief Executive Officer

CHIEF FINANCIAL OFFICER'S REVIEW

The first half of 2012 has been a challenging environment with growing global economic uncertainty, increased pressures on prices and lower demand. The Group showed resilient performance despite the prevailing economic conditions.

The Group's revenue and underlying EBITDA were lower by 19% and 41% respectively against 2011, reflecting the impact of the difficult market conditions. 68% of the deterioration in the Group's underlying EBITDA was caused by weakened commodity prices, 14% due to reduced sales volumes and 18% due to higher costs.

However, revenue for the six months ended 30 June 2012 was in line with our expectations and underlying EBITDA was better than anticipated, which is mainly due to lower operating costs in the Ferroalloys Division, better prices and volumes of iron ore than expected, and higher sales volumes in the Energy and Logistics Divisions.

This is the first time we have included 100% of the results of Shubarkol Komir JSC ('Shubarkol') in the income statement as it is now wholly owned by the Group. The total contribution of Shubarkol in the Group's underlying EBITDA was US$17 million. The Group's share in Shubarkol's results in the prior period was US$7 million.

There was a rise in total operating costs from H1 2011 which primarily resulted from cost inflation in Kazakhstan, higher employment costs and increased depreciation in line with the higher value of property, plant and equipment. Of the total increase in operating costs, 32% resulted from additional exploration activities in the Other Non-ferrous Division.

As at 30 June 2012, the Group had gross available funds of US$1,565 million, including cash and cash equivalents of US$1,529 million, term deposits of US$22 million, and other financial assets of US$14 million. During H1 2012, the Group put in place credit facility agreements for a total amount of US$3 billion and refinanced the revolving credit facility for an amount of US$467 million which gives the Group additional confidence in its funding headroom and liquidity position (see cash flow financing section).

INCOME STATEMENT

Revenue

During the period, revenue decreased by 19.1% to US$3,246 million (H1 2011: US$4,011 million). This resulted primarily from reduced commodity prices, in particular in the Ferroalloys and Iron Ore Divisions, and lower sales volumes in the Ferroalloys Division.

The average prices for Ferroalloys dropped by 7.7% compared to the average prices in the same period last year. The chrome ore average price was lower by 36.9% and manganese concentrate average price by 11.7% compared to H1 2011. In addition, the Ferroalloys Division revenue was impacted by lower sales volumes, notably for chrome ore and high-carbon ferrochrome.

Iron ore concentrate and iron ore pellets average prices in the first half of 2012 were significantly lower compared to the same period last year by 25.0% and 19.9%, respectively.

Alumina and Aluminium Division showed a decline in sales against H1 2011 caused by production problems at the alumina refinery earlier during the period which was resolved with alumina production returning to full capacity in June 2012.

The Ferroalloys Division accounted for 40.8% of the Group revenue, the Iron Ore Division 30.3%, the Alumina and Aluminium Division 13.6%, the Other Non-ferrous Division 9.3%, the Energy Division 4.7% and the Logistics Division 1.3%.

Gross margin

Gross margin significantly declined during the period to 45.9% (H1 2011: 57.9%) as result of the weakened sales prices and was further affected by increased unit costs across the divisions.

Higher costs of sale were driven by increased depreciation, higher material prices and wage rates. These were partially offset by lower Mineral Extraction Tax ('MET').

Distribution costs

Distribution costs showed a rise of 5.6% to US$265 million (H1 2011: US$ 251 million). This is primarily due to US$15 million additional transportation costs resulting from increased tariffs and transport fares. This increase was partially offset by a US$3 million reduction in insurance costs.

General and administrative costs

General and administrative costs during the first half of 2012 increased by 1.7% to US$363 million (H1 2011: US$357 million). Staff costs rose by US$27 million and professional and other services fees grew by US$16 million compared to the same period in the prior year. Sponsorship and donations decreased by US$34 million mainly due to a delay in the timing of social investments.

Exploration expenses

Exploration expenses increased by 126.9% to US$59 million (H1 2011: US$26 million) reflecting increased activities in the Other Non-ferrous Division.

Net other operating expenses

Net other operating expenses comprised mainly foreign exchange gains and losses from operating activities.

Net finance costs

Net finance costs increased by 202.4% to US$124 million (H1 2011: US$41 million) as a result of the increased borrowings to support the Group's capital expenditure projects and strategic development.

Share of (loss)/profits of Joint Ventures and Associates

The net share of joint ventures and associates results amounted to a US$9 million loss (H1 2011: US$5 million profit). The Group's share in the loss of its joint venture investments in Camrose Resources Limited and Taurus Gold Limited were US$6 million and US$2 million, respectively. The outstanding 75% shares in Shubarkol were acquired by the Group in April 2012 resulting in Shubarkol being reclassified as a subsidiary. The Group's share in the profits of Shubarkol in the previous period was US$7 million.

Taxation

The Group's income tax expense was US$212 million (H1 2011: US$449 million), an Effective Tax Rate ('ETR') of 31.8% (H1 2011: 27.5%).

The main drivers behind the ETR being higher than the 20% corporate income tax rate in the Republic of Kazakhstan, where the majority of the Group's operations are located, included losses not recognised for deferred tax purposes in jurisdictions where the Group has a lack of income and, therefore, tax capacity, which added 7.3 percentage points to the ETR, Excess Profits Tax charges in Kazakhstan which increased the ETR by 2.6 percentage points, and items not taxable or deductible for tax purposes which added 2.6 percentage points.

As the Group continues to develop its greenfield projects, we expect the ETR to increase and remain high as compared with prior periods. This is mainly due to the significant expenditure which is being undertaken in jurisdictions where revenues are not yet being generated.

The Group's ETR also remains sensitive to prices and market conditions.

Exchange rates

The average Kazakhstani Tenge ('KZT') to US Dollar ('US$') exchange rate in H1 2012 was 148.16 (H1 2011: 146.01).

BALANCE SHEET

The Group's net book value of property, plant and equipment at 30 June 2012 was US$11,896 million (31 December 2011: US$9,891 million), an increase of 20.3%.

There was continued good progress in implementation of various capital expenditure projects which are aimed to reduce cost by improving efficiency and increasing capacity. An analysis of additions in the period arising from the Group's capital expenditure projects in the first half of 2012 is set out in the capital expenditure section of this review.

Goodwill and intangible assets at 30 June 2012 totalled US$2,107 million (31 December 2011: US$1,410 million), an increase of 49.4%.

During the period, the Group completed the acquisition of FQM's assets in respect of the Kolwezi Tailings project, the Frontier and Lonshi mines and related exploration interests, all located in the Katanga Province of the DRC, for total consideration of US$1.25 billion. This resulted provisionally in US$573 million of goodwill and intangible assets recognised as of 30 June 2012 based on a preliminary purchase price allocation exercise. The acquisition of the 75% outstanding shares in Shubarkol resulted provisionally in US$132 million of goodwill. Further details can be found in Note 5 to the Interim Financial Statements.

The Group's borrowings at 30 June 2012 totalled US$4,940 million (31 December 2011: US$1,594 million). A summary of the Group's borrowings is set out in Note 14 to the Interim Financial Statements with further commentary in the Funding and Liquidity section of this review.

CASH FLOW

Net cash generated from operating activities

The Group generated US$724 million from operating activities (H1 2011: US$1,184 million). The reduced cash generated from operating activities is primarily due to the significant decrease in the operating profit during the first half of 2012 compared to the prior period.

Net cash used for investing activities

During the period, the Group utilised a total of US$2,465 million for investing activities (H1 2011: US$952 million). The Group utilised US$1,333 million on acquisitions (H1 2011: US$nil). The Group completed the acquisitions of certain FQM assets in the DRC and the remaining 75% shares in Shubarkol. These resulted in a cash outlay of US$749 million (net of US$1 million refund) in March 2012 and US$584 million (net of cash acquired) in April 2012, respectively.

In addition, the Group utilised funds to acquire property, plant and equipment during the period which amounted to US$1,020 million (H1 2011: US$821 million). The Group has also settled the contingent consideration relating to the Rubio Holdings Limited acquisition amounting to US$108 million.

Net cash flow generated from financing activities

The Group generated cash resources of US$2,657 million (H1 2011: US$273 million outflow) from its financing activities during the period ended 30 June 2012. Additional funding primarily consisted of US$1,937 million (net of fees) from Russian Commercial Bank (Cyprus) Limited (part of the VTB group) and US$980 million (net of fees) from Sberbank of Russia. These cash inflows were partially offset by repayment of borrowings and deferred consideration of US$209 million and payment of dividends of US$141 million.

FUNDING AND LIQUIDITY

During H1 2012, the Group secured additional liquidity by entering into credit facility agreements with Sberbank of Russia for US$2 billion and Russian Commercial Bank (Cyprus) for an additional US$1 billion, and refinancing of the revolving credit facility with a reduced amount of US$467 million arranged on a club deal basis with Credit Agricole acting as the coordinating bank.

As of 30 June 2012, the average maturity of outstanding debt was four years.

CAPITAL EXPENDITURE

2012 Capital Expenditure

In H1 2012, the Group's capital expenditure amounted to US$1,047 million (H1 2011: US$697 million), an increase of US$350 million, or 50%.

The geographic split of capital expenditure in H1 2012 was Kazakhstan US$740 million, Africa US$270 million, Brazil US$24 million and other US$13 million.

Planned sustaining capital expenditure for 2012 is estimated in the region of US$800 million in line with the initial projections.

Capital Expenditure

	Six months ended 30 June	
In millions of US$	**2012**	2011
Expansionary	**773**	504
Sustaining	**274**	193
Total	**1,047**	697

Capital Expenditure Projects

In view of the recent global economy outlook and challenges on key commodity markets, the Group is undertaking a thorough review of capital expenditure programme and this work is already at an advanced stage. While conducting the review, robust capital allocation rules are followed.

The Group identified a list of committed capital expenditure projects in execution which are characterised by an attractive return on investment in the current environment. The remaining main capital expenditure projects are still under review with respect to scope and timing, taking into account market and economic conditions, timing of key approvals, return on investment and payback period.

Main Capital Expenditure Projects

In millions of US$	Current estimated cost	Division	Date of commissioning
Committed			
New Aktobe Ferroalloys Plant - 440 ktpa	750	Ferroalloys	2013
Mine expansion Phase 1	370	Iron Ore	2014
Anode production plant	240	Alumina and Aluminium	2012
Expansion of copper (oxide) production	150	Other Non-ferrous	2013
Chambishi copper plant (LME grade A)	80	Other Non-ferrous	2012
Reconstruction of power unit 6 – 325 MW	265	Energy	2013
Stripping complex 2 - maintenance capital expenditure	196	Energy	2017
Railway fleet expansion	210	Logistics	2012
Total - Committed	**2,261**		
Under review			
Mine expansion Phase 2	455	Iron Ore	TBD
Concentrator expansion – 7 mtpa high grade concentrate	455	Iron Ore	TBD
Pelletiser - 5 mtpa	555	Iron Ore	TBD
HBI Plant - 1.8 mtpa	675	Iron Ore	TBD
Pedra de Ferro (BMSA)	2,100	Iron Ore	TBD
Mineracao Minas Bahia SA (MIBA)	2,600	Iron Ore	TBD
Construction of 2 x 600 MW power units	1,260	Energy	TBD
Mine expansion - 5 mtpa coal	230	Energy	TBD
Expansion of copper (sulphide) production	465	Other Non-ferrous	TBD
Total - Under review	**8,795**		

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DIVISIONAL OVERVIEW

Ferroalloys Division

The Ferroalloys Division primarily produces and sells ferrochrome, as well as other ferroalloys, for use as alloying products in the production of steel, whilst manganese and chrome ore are sold to third-party producers of ferroalloys as well as the chemical industry. ENRC is the largest ferrochrome producer in the world by chrome content and the lowest cost producer of high-carbon ferrochrome. The Ferroalloys Division is vertically integrated, having its own chrome ore and manganese ore mines feeding its ferroalloy production in Kazakhstan and Russia. In addition to its own ore, the Division also benefits from competitively priced electricity supplied by the Energy Division, as well as having a gas-fired power station at its Aktobe plant.

Iron Ore Division

The Iron Ore Division consists of producing assets in the Republic of Kazakhstan and exploration and development assets in Brazil. In Kazakhstan the Iron Ore Division produces and sells iron ore concentrate and pellets primarily to steel producers and on the basis of full year 2011 data, is a material exporter of iron ore and in the lowest quartile of the global cost curve. Kazakhstan-based operations include iron ore mines, crushing, beneficiation and pelletising plants and a thermal power station. In Brazil, the Division is focused on the development of a high-quality iron ore deposit in the Caetité region in the State of Bahia, as well as two early stage exploration projects, both located in the State of Minas Gerais.

Alumina and Aluminium Division

The Alumina and Aluminium Division produces and sells alumina to aluminium producers, and also produces and sells the Group's own aluminium. ENRC believes, based on full year 2011 data, that the Alumina and Aluminium Division is the world's ninth largest supplier of traded alumina by volume and is at the lower end of the global industry cost curve for alumina and aluminium. The Alumina and Aluminium Division's vertically integrated operations include: bauxite mines, a limestone mine, an alumina refinery, an aluminium smelter and a power station.

Energy Division

The Energy Division is one of the largest electricity providers in the Republic of Kazakhstan, accounting for approximately 16.3% of the country's recorded electricity production in 2011 (2010: 16.6%). Taking into account all of the energy generation facilities of ENRC, including SSGPO, the alumina refinery (Aluminium of Kazakhstan ('AOK')) and the Aktobe ferroalloys smelter ('Kazchrome'), the Group's share of Kazakhstan's energy supply was 22.5% in 2011 (2010: 22.6%). The Energy Division provides a cost-effective energy supply to the Group's other principal Kazakhstani operating divisions, with internal consumption of 71.5% (2010: 73.9%) of the electricity produced in 2011, as well as producing a surplus for sales to third parties in Kazakhstan.

Other Non-ferrous Division

The Other Non-ferrous Division operates principally in the Democratic Republic of the Congo ('DRC'), where it mines copper and cobalt and processes the ore through Boss Mining Sprl ('Boss'), a subsidiary of ENRC, with the State-owned La Générale des Carrières et des Mines ('Gécamines') as a minority (30%) partner. ENRC also owns 50.5% of Camrose Resources Limited, whose primary assets, held through its subsidiaries, includes interests in five copper and cobalt exploitation licences situated in the DRC. ENRC acquired additional processing capacity at Kolwezi and at the Frontier mine in H1 2012, as well as more recently a new licence in respect of the Frontier mine. The Chambishi smelter, located in Zambia, processes material mined in the DRC at Boss. The Other Non-ferrous Division's copper and cobalt operations include open cast mines, crushing, beneficiation, concentrator plants and an electro-winning facility in the DRC and the Chambishi copper and cobalt smelter in Zambia. In addition, the Other Non-ferrous Division includes a number of development prospects: Mozambique – coal; Mali – bauxite; Zimbabwe – platinum; and South Africa – fluorspar, coal and manganese. The Group's African logistics and trucking business, SABOT, operates in Central and Southern Africa.

Logistics Division

The Logistics Division provides transportation and logistics services to the Group's principal Kazakhstani operating Divisions, as well as to third parties. The Division's operations include freight forwarding, wagon repair services, railway construction and repair services. The availability of these services within the Group mitigates many of the risks associated with the supply of raw materials and delivery of products to customers. In addition, the Division operates a railway transfer and reloading terminal on the Kazakhstan/China border, facilitating the Group's access to the Chinese market.

OPERATING AND FINANCIAL REVIEW

Ferroalloys Division

Key Facts		Six months ended 30 June[1] 2012	2011	% Change
Third-party Sales Volumes				
High-carbon ferrochrome	'000t	**506**	578	*(12.5)%*
Medium-carbon ferrochrome	'000t	**25**	24	*4.2%*
Low-carbon ferrochrome	'000t	**44**	44	*0.0%*
Ferrosilicochrome	'000t	**36**	36	*0.0%*
Ferrosilicomanganese	'000t	**84**	87	*(3.4)%*
Ferrosilicon	'000t	**23**	26	*(11.5)%*
Total Ferroalloys	'000t	**718**	795	*(9.7)%*
Chrome ore	'000t	**192**	300	*(36.0)%*
Manganese concentrate	'000t	**291**	309	*(5.8)%*
Iron-manganese concentrate	'000t	**21**	42	*(50.0)%*
Production Volumes				
Chrome ore	'000t	**1,729**	1,884	*(8.2)%*
Manganese ore concentrate	'000t	**447**	453	*(1.3)%*
Ferroalloys total gross[2]	'000t	**866**	905	*(4.3)%*
Ferroalloys total net	'000t	**752**	792	*(5.1)%*
High-carbon ferrochrome gross[2]	'000t	**583**	631	*(7.6)%*
High-carbon ferrochrome net	'000t	**524**	575	*(8.7)%*
Prices				
Ferroalloys	US$/t	**1,695**	1,836	*(7.7)%*
Chrome ore	US$/t	**222**	352	*(36.9)%*
Manganese concentrate	US$/t	**159**	180	*(11.7)%*
Iron-manganese concentrate	US$/t	**91**	48	*89.6%*
Unit Costs [3]				
Ferroalloys	US$/t	**979**	942	*3.9%*
Chrome ore	US$/t	**54**	55	*(1.8)%*
Manganese concentrate	US$/t	**132**	115	*14.8%*
Iron-manganese concentrate	US$/t	**11**	8	*37.5%*

[1] Numbers for ferroalloys include Tuoli.
[2] Gross production volumes include the internal consumption of ferroalloys products.
[3] Unit costs: Cost of sales divided by sales volumes.

Analysis of third-party revenue by destination:

	H1 2012	H1 2011
Asia Pacific	***42.2%***	*44.8%*
Europe and Middle East	***27.3%***	*23.5%*
Eurasia	***19.1%***	*22.0%*
Rest of the World	***11.4%***	*9.7%*

Production
In H1 2012, the Ferroalloys Division produced: 1,729 kt of saleable chrome ore (H1 2011: 1,884 kt); 447 kt of saleable manganese ore concentrate (H1 2011: 453 kt); and 752 kt of ferroalloys (H1 2011: 792 kt), including 524 kt (H1 2011: 575 kt) of its primary product, high-carbon ferrochrome. In H1 2012, 114 kt (H1 2011: 113 kt) of ferroalloys were consumed internally.

Sales and Pricing
H1 2012 was characterised by sharply deteriorating economic conditions for many of our ferroalloy customers. In particular Japanese steel producers faced an increasingly difficult business climate on the back of competitive pressure from China and Korea, as a result of structural factors and the strength of the Japanese Yen. The US ferroalloy market proved to be more resilient, particularly for specialty steels, where there was sustained good demand from the automotive, energy, and aerospace industries. On the supply side, Q1 2012 saw Eskom in South Africa introduce its power buy-back scheme, which resulted in producers curtailing production and the tightening of supply.

The European ferrochrome benchmark price in Q1 2012 settled at US$1.15 per pound of chrome, down US 5 cents on the previous quarter. The Q2 2012 benchmark increased US 20 cents to US$1.35 per pound of chrome due to the reduced supply of charge chrome caused by Eskom's power buyback programme. On-going concerns over the European sovereign debt crisis manifested in a weaker nickel price, driving a preference for austenitic grades. This in conjunction with weaker ferrochrome demand globally resulted in the Q3 benchmark settling US 10 cents lower at US$1.25 per pound of chrome.

In Q1 2012, prices and demand for medium- and low-carbon ferrochrome increased due to restocking. Demand and prices in Q2 2012 initially rose in April and May before falling, following a drop in demand for high-carbon ferrochrome and other commodities, as problems regarding the sovereign debt crisis in Europe escalated. We expect pricing pressure to continue in Q3 2012, particularly with the restarting of low-carbon ferrochrome production in South Africa in June.

Due to shaft repairs at Donskoy in Q1 2012 and a resulting lack of availability of saleable chrome ore grades in H1 2012, the Division sold predominantly an off-grade product with lower Cr2O3 content, which impacted the realised price of third-party chrome ore sales. Slowing demand and the build-up of stocks in China further impacted the price of chrome ore during the period.

Both temporary and permanent production cuts for silico-manganese and refined ferromanganese, intensified in the first few months of 2012, precipitating a major price rally. Further production cutbacks, particularly in South Africa and Australia, applied additional strain on the availability of silico-manganese in the USA, having a positive impact on pricing. However reduced demand through Q2 2012 resulted in ferroalloy prices steadily pulling back, most notably for silico-manganese.

Through Q2 2012 Chinese crude steel production was relatively firm and there was a significant drop in manganese ore inventories at Chinese ports. This underpinned a rise in price for benchmark medium grade manganese ore (44% lump) from US$4.60 per dry metric tonne unit ('dmtu') in March to US$5.15 per dmtu.

Ferroalloys Division
Summary income statement

In millions of US$	Six months ended 30 June **2012**	2011	% Change
Revenue	**1,333**	1,644	*(18.9)%*
Third parties	**1,325**	1,637	*(19.1)%*
Inter-segment	**8**	7	*14.3%*
Cost of sales	**(699)**	(763)	*(8.4)%*
Gross profit	**634**	881	*(28.0)%*
Gross margin %	***47.6%***	*53.6%*	
Distribution costs	**(148)**	(154)	*(3.9)%*
General and administrative expenses	**(93)**	(119)	*(21.8)%*
Net other operating expense	**(3)**	(13)	*(76.9)%*
Operating profit	**390**	595	*(34.5)%*
Operating profit margin %	***29.3%***	*36.2%*	
Depreciation, amortisation and impairment	**(68)**	(60)	*13.3%*
Underlying EBITDA	**458**	655	*(30.1)%*
Underlying EBITDA margin %	***34.4%***	*39.8%*	

Results for the six months
The Ferroalloys Division contributed US$458 million or 40.0% to the Group's Underlying EBITDA (H1 2011: US$655 million; 34.0%), a decrease of US$197 million, due to adverse market conditions leading to a decline in prices and sales volumes. Operating costs were 10.1% lower than the corresponding period in 2011 as a result of lower sales volumes, the exclusion of Tuoli from operations and cost control initiatives.

In H1 2012 the Ferroalloys Division sold 718 kt of ferroalloys, 77 kt less than in H1 2011, 41.6% of the decrease is attributable to the exclusion of Tuoli. Chrome ore sales fell 36.0% to 192 kt (H1 2011: 300 kt).

Total revenue for the Division fell US$311 million compared to the previous period. Of this decrease in revenue, US$175 million was due to lower sales volumes (US$126 million relating to high-carbon ferrochrome, US$51 million of which was attributable to Tuoli and US$38 million due to chrome ore). A decline in commodity prices reduced the Division's revenue by US$145 million. Sales of other goods and services increased revenue by US$9 million.

Cost of sales decreased by US$64 million of which US$72 million was attributable to lower sales volumes (including US$45 million from Tuoli). This was partially offset by a US$8 million rise relating to increased depreciation and amortisation and higher material prices for Chinese coke, fuel, lubricants and some explosive materials. MET amounted to US$71 million (H1 2011: US$95 million).

Distribution costs remained broadly stable and amounted to US$148 million (H1 2011: US$154 million) as a decrease in volumes was offset by higher transportation cost affected by the changes in delivery routes. Thus there were less volumes of HC FeCr transported to China and Japan and the increase in sales volumes to the more remote destinations in West Europe.

General and administrative expenses amounted to US$93 million (H1 2011: US$119 million). The decrease of US$26 million was primarily due to a delay in timing of social investments, which are planned for later in the year.

Capital Expenditure
The New Aktobe Ferroalloy Plant is one of the key investments in the Ferroalloys Division. This project is aligned with the Groups growth strategy in ferroalloys and consists of the construction of four Direct Current (DC) furnaces with a total capacity of 440 ktpa. At present, the following have been completed: pits, foundations and air pipes for all of the furnaces whilst furnace covers are in the process of installation. In H1 2012, we progressed significantly with project implementation, and the main activities were excavating, pit backfilling, foundation and framing works. Overall, the commissioning date and total cost of this project remain unchanged at Q4 2013 and US$750 million respectively.

Iron Ore Division

Key Facts		Six months ended 30 June **2012**	2011	% Change
Third-party Sales Volumes				
Iron ore concentrate	'000t	**4,325**	3,936	*9.9%*
Iron ore pellet	'000t	**3,636**	4,350	*(16.4)%*
Production				
Iron ore mined	'000t	**20,097**	21,332	*(5.8)%*
Iron ore primary concentrate produced	'000t	**8,068**	8,783	*(8.1)%*
Prices				
Iron ore concentrate	US$/t	**102**	136	*(25.0)%*
Iron ore pellet	US$/t	**137**	171	*(19.9)%*
Unit Costs [1]				
Iron ore concentrate	US$/t	**35**	32	*9.4%*
Iron ore pellet	US$/t	**50**	44	*13.6%*

[1] Unit costs: Cost of sales divided by sales volumes.

Analysis of third-party revenue by destination:

	H1 2012	H1 2011
Russia	**54.6%**	65.8%
China	**36.7%**	26.9%
Kazakhstan	**8.7%**	7.3%

Production
In H1 2012, the Iron Ore Division mined 20,097 kt of iron ore (H1 2011: 21,332 kt). This was processed into 8,068 kt of primary iron ore concentrate (H1 2011: 8,783 kt), with saleable concentrate production of 3,824 kt (H1 2011: 3,680 kt). The balance was used to produce 3,687 kt (H1 2011: 4,326 kt) of pellet.

Sales and Pricing
Global steel production recovered slightly in H1 2012, with annual cumulative crude steel production in the period January to June 2012 up 0.9% year-on-year. During the same period the steel industry utilisation rate peaked at 81.3% of total capacity in April, lower than the peak rate of 82.8% in April 2011. The increase in production was primarily from China and the United States.

Platts IODEX spot iron ore prices generally held in a narrow range of US$132-146 per dry metric tonne, with the exception of mid-April when the price increased to US$150 per dry metric tonne, as China increased steel production.

Russia and China continued to be the Group's main markets for its iron ore product, in particular The Magnitogorsk Iron and Steel Works OJSC ('MMK') in Russia and steel producers in North West China. As a result of MMK lowering its contractual volumes with ENRC for 2012, an agreement was reached to supply iron ore concentrate to Mechel with pricing based on monthly agreements. The Group's contractual prices with its main Chinese customers are negotiated on a quarterly basis. Based on an agreement signed at the end of 2011, ENRC continues to use a monthly pricing mechanism regarding sales to MMK based on the Platts index.

In H1 2012 61.0% (5 mt) of iron ore sales were to Russia (H1 2011: 66.8%; 5.5 mt) whilst 32.2% (2.6 mt) of sales went to China (H1 2011: 26.8%; 2.2 mt), with the remaining 6.8% (571 kt) of iron ore product sold within Kazakhstan (H1 2011: 6.4%, 533 kt). 45.7% of sales in H1 2012 (3.6 mt) were comprised of pellet (H1 2011: 52.5%, 4.4 mt).

Iron Ore Division

Summary income statement

In millions of US$	Six months ended 30 June **2012**	2011	% Change
Revenue	**983**	1,296	*(24.2)%*
Third parties	**983**	1,295	*(24.1)%*
Inter-segment	**-**	1	*(100.0)%*
Cost of sales	**(360)**	(334)	*7.8%*
Gross profit	**623**	962	*(35.2)%*
Gross margin %	***63.4%***	*74.2%*	
Distribution costs	**(128)**	(82)	*56.1%*
General and administrative expenses	**(70)**	(89)	*(21.3)%*
Exploration costs	**(7)**	-	*n/a*
Net other operating expense	**(2)**	(5)	*(60.0)%*
Operating profit	**416**	786	*(47.1)%*
Operating profit margin %	***42.3%***	*60.6%*	
Depreciation, amortisation and impairment	**(57)**	(49)	*16.3%*
Underlying EBITDA	**473**	835	*(43.4)%*
Underlying EBITDA margin %	***48.1%***	*64.4%*	

Results for the six months

The Iron Ore Division continued to be the largest contributor to the Group's Underlying EBITDA, generating US$473 million, or 41.3% (H1 2011: US$835 million; 43.3%). The US$362 million decline was a result of lower prices and sales volumes, increased unit cost of sales and distribution costs.

Lower iron ore sales prices and volumes resulted in a 24.2% drop in revenue to US$983 million (H1 2011: US$1,296 million). A 25% fall in prices of concentrate and 20% fall in prices of pellets reduced the Division's revenue by US$267 million compared to H1 2011. In addition, a shift in product mix to lower-priced concentrate and screening had an adverse impact on revenue, with a net decrease of US$46 million. In H1 2012 pellet accounted for 44.3% of sales volumes (H1 2011: 52.5%). The decline in sales volumes due to lower demand from MMK was largely compensated by sales to Mechel and higher sales to Chinese customers.

A US$35 million increase in cost of sales was a result of higher unit cost of sales. This increase was partially offset by a US$17 million reduction in costs due to lower sales volumes. Higher unit cost of sales was driven by higher prices for fuel, coal, explosive materials, tyres, electricity, and an increased wage rate. MET decreased US$19 million to US$39 million (H1 2011: US$58 million) impacted by the commodity prices decline and lower volumes of extracted ore. Depreciation and amortisation increased the Division's cost of sales by US$8 million.

Distribution costs increased 56.1% to US$128 million (H1 2011: US$82 million) due to higher transportation costs as more products were shipped to China which has a longer transportation distance in comparison with rail transportation to Russia and Kazakhstan. In addition, transportation tariff for the delivery to Mechel was higher compared to MMK.

General and administrative expenses amounted to US$70 million, a US$19 million reduction against the comparable period in 2011. This is primarily due to the timing of social investments which are expected to be paid later in 2012.

Capital Expenditure
Completion of the main expansionary projects in Kazakhstan will add three new products to the product portfolio of the Iron Ore Division namely: high quality concentrate, high quality pellets and hot briquetted iron ("HBI").

Realization of the Brazilian project will support the Group's growth strategy and provide access to the seaborne iron ore market. The progress to date is as follows:

- Mine expansion Phase 1 in Kazakhstan: work has commenced to secure the required ore feed for the expansionary projects. The estimated cost is US$370 million;

- Concentrator expansion - 7 mtpa high grade concentrate: In H1 2012 we completed framing installation for the crusher, piles field, transfer units and gallery. Installation works were performed on a "diaphragm wall", framing for cable bridges, and wall concreting;

- Pelletiser expansion: the addition of 5 mtpa of high quality pellet. Contract for delivery of feasibility studies has been signed;

- HBI Plant: development of 1.8 mtpa of HBI. The plant site has been prepared and is ready for civil works to commence; and

- BMSA: The preliminary licence for the port has been delayed, due to location change from Ponta da Tulha to Aritagua. Upon receipt of the installation licence, we will then proceed with the construction of the port, with receipt of the port operational licence from the environmental agency and first operation expected in 2016.

Alumina and Aluminium Division

Key Facts		Six months ended 30 June **2012**	2011	% Change
Third-party Sales Volumes				
Alumina	‘000t	**469**	575	*(18.4)%*
Aluminium	‘000t	**124**	127	*(2.4)%*
Production				
Bauxite mined	‘000t	**2,568**	2,689	*(4.5)%*
Alumina produced	‘000t	**706**	813	*(13.2)%*
Aluminium produced	‘000t	**124**	124	*0.0%*
Prices				
Alumina	US$/t	**316**	380	*(16.8)%*
Aluminium	US$/t	**2,214**	2,564	*(13.7)%*
Unit Costs [1]				
Alumina	US$/t	**344**	274	*25.5%*
Aluminium	US$/t	**1,739**	1,661	*4.7%*

[1] Unit costs: Cost of sales divided by sales volumes.

Production
In H1 2012, the Alumina and Aluminium Division mined 2,568 kt of bauxite (H1 2011: 2,689 kt) and produced 706 kt of alumina (H1 2011: 813 kt) and 124 kt (H1 2011: 124 kt) of aluminium.

Sales and Pricing
London Metal Exchange ('LME') aluminium prices were volatile during H1 2012 with a strongly pronounced downward trend towards the end of H1. During H1 the LME price peaked at US$2,308 per tonne in late February, declining to a low of US$1,811 per tonne in June. Primary aluminium is used to make aluminium semi-finished products like sheet and plate, extrusions, forgings, and castings. Demand for semi-finished products in H1 2012 was weaker than in the comparable period of 2011, with key applications being transportation, packaging, building and construction, particularly in developing markets. Global output capacity remained strong in H1 2012, with China, India and the Middle East maintaining their output and in some instances adding new capacity to the market, despite rising power costs.

During H1 2012 primary aluminium premiums continued to increase, reaching a peak of US$200-230 per tonne by end of the period. Premiums act as an indicator of the metal's physical availability. Rising premiums were driven by large volumes of aluminium being tied up in inventory under financing deals, which was unavailable for immediate consumption.

In H1 2012 the Group shipped 462 kt (H1 2011: 567 kt) of alumina to United Company RUSAL ('RUSAL') under a long-term supply contract to supply a minimum annual volume of 1.2 mtpa. The pricing under this contract is linked as a percentage of the LME price of primary aluminium. In H1 2012 RUSAL, the Division's largest single customer accounted for 35% (H1 2011: 38%) of the Division's sales revenue. The balance of alumina production is consumed by the Group in its own aluminium smelter (Kazakhstan Aluminium Smelter, or 'KAS') and also by a local Kazakhstan refractory materials producer (Kazogneupor).

Alumina and Aluminium Division

Summary income statement

In millions of US$	Six months ended 30 June **2012**	2011	% Change
Revenue	**453**	577	*(21.5)%*
Third parties	**440**	563	*(21.8)%*
Inter-segment	**13**	14	*(7.1)%*
Cost of sales	**(396)**	(378)	*4.8%*
Gross profit	**57**	199	*(71.4)%*
Gross margin %	***12.6%***	*34.5%*	
Distribution costs	**(26)**	(27)	*(3.7)%*
General and administrative expenses	**(28)**	(30)	*(6.7)%*
Net other operating expense	**(9)**	(1)	*800.0%*
Operating profit	**(6)**	141	*(104.3)%*
Operating profit margin %	***(1.3)%***	*24.4%*	
Depreciation, amortisation and impairment	**(54)**	(47)	*14.9%*
Underlying EBITDA	**48**	188	*(74.5)%*
Underlying EBITDA margin %	***10.6%***	*32.6%*	

Results for the six months
The results of the Alumina and Aluminium Division were strongly affected by a reduction in LME prices and processing problems at the alumina refinery caused by interruptions to the supply of soda ash in Q1 2012. The Division contributed US$48 million, or 4.2%, to the Group's Underlying EBITDA (H1 2011: US$188 million; 9.8%).

The Division's revenue decreased by US$124 million or 21.5% compared to the H1 2011. US$73 million of this reduction was due to lower sales prices and US$52 million due to lower sales volumes, predominately with respect to alumina. Sales of other goods and services increased Division's revenue by US$1 million.

Cost of sales increased by US$18 million and amounted to US$396 million (H1 2011: US$378 million). The increase in unit costs of sales of US$39 million was partially offset by a US$27 million reduction in costs due to lower sales volumes. Higher unit cost of sales of alumina reflected an increase in consumption rates for input materials as a result of processing problems. Additionally unit costs of sales of alumina and aluminium were driven by higher prices of certain input materials (fuel, coal and auxiliary materials), as well as increased repairs and wage rates. Depreciation and amortisation increased by US$7 million. MET totalled US$6 million (H1 2011: US$8 million).

Distribution costs stayed broadly unchanged at US$26 million (H1 2011: US$27 million). General and administrative expenses fell by 6.7% to US$28 million (H1 2011: US$30 million), primarily due to lower social investments.

Capital Expenditure
The Anode plant has a planned capacity of 136 ktpa, thus reducing our dependence on third party suppliers and providing sufficient volumes for the Group's increased aluminium production capacity. In H1 2012 completed parts of the project have received approval from Kazakhstan State Commission and start up and adjustment works have begun at the supporting facilities. The commissioning date and total estimated cost are both unchanged at H2 2012 and US$240 million respectively.

Other Non-Ferrous Division

Key Facts		Six months ended 30 June **2012**	2011	% Change
Third-party Sales Volumes				
Total saleable copper contained	‘000t	**18.0**	13.4	*34.3%*
Copper as a by-product	*‘000t*	***2.7***	*1.1*	*145.5%*
Total saleable cobalt contained	‘000t	**4.4**	4.9	*(10.2)%*
Cobalt as a by-product	*‘000t*	***1.9***	*2.5*	*(24.0)%*
Production [1]				
Saleable copper contained	‘000t	**17.5**	13.9	*25.6%*
Saleable cobalt contained	‘000t	**5.4**	5.5	*(2.2)%*
Prices [2]				
Saleable copper contained	US$/t	**7,731**	9,072	*(14.8)%*
Saleable cobalt contained	US$/t	**30,093**	37,485	*(19.7)%*
Unit Costs [3]				
Copper with cobalt by-product credit	US$/t	**7,088**	3,173	*123.4%*
Cobalt with copper by-product credit	US$/t	**30,036**	33,067	*(9.2)%*

[1] Production numbers for saleable copper and cobalt refers to tonnes of contained metal. Contained metal consists of total units, whether in metal form or metal units contained in concentrate and sludge, net of internal consumption.
[2] Prices do not include by-products.
[3] Unit cost of copper: Cost of sales for copper less cobalt concentrate by-product credits at Luita divided by copper metal sales volumes. Unit cost of cobalt: Cost of sales for cobalt metal less copper by-product credits at Chambishi divided by cobalt metal sales volumes.

Overview
Integration of ENRC's copper belt assets continues to be focused on exploration, resource delineation, mine planning, operational efficiency, processing methodologies and recoveries. Emphasis is currently being placed on expanding copper production capacity through acquisition of the Frontier mine and the Kolwezi Processing Facility, assets and the further development of the Camrose Mashitu operation. Power availability remains a high priority for the DRC assets. Pre-feasibility studies are being conducted in this regard.

Exploration
In the DRC, the extensive drilling programme continued through H1 2012 with the completion of 62,688 metres (479 completed holes) compared to 71,973 metres (455 completed holes in H1 2011) on the Kakanda, Mukondo, Kabolela and Menda permits. Further exploration and delineation drilling continued at Camrose with 24,304 metres (159 completed holes) of diamond drilling completed in the Mashitu and Kalukundi permits during H1 2012 compared to the 11,216 metres (108 completed holes) during H1 2011.

In South Africa, there are two separate exploration programmes underway focusing on manganese and fluorspar. The Kongoni Manganese feasibility study is expected to be completed by Q3 2012 and a scoping study is expected to be completed by the end of Q4 2012 at Doornhoek, the Group's fluorspar project.

In Mozambique, coal exploration continued with key highlights being the completion of the Estima project feasibility study currently under internal review and the completion of a competent person's report on License 869. The engineering study on rail infrastructure is on target for completion in Q4 2012.

Mining
A total of 1.52 million tonnes of ore were mined during the period from the Mukondo and Kabolela mines in the DRC. Average copper grades in H1 2012 were 3.66% compared to the 3.17% in H1 2011 and average cobalt grades in H1 2012 were 1.40% compared to the 1.37% in H1 2011. Kabolela North extraction decreased slightly from Q1 2012, in line with processing availability at the plant which has been constrained by power availability.

Production: Copper

Copper production increased by 25.6% during the period to 17,493 t (H1 2011: 13,933 t). The increase is primarily attributable to the additional copper ore realised from the Kabolela South and Kakanda North pre-stripping programme as well as higher grades achieved.

Production: Cobalt

Cobalt production decreased 2.2% during H1 2012 to 5,351 t (H1 2011: 5,471 t) mainly due to greater internal consumption of Boss cobalt concentrate at Chambishi.

Sales and Pricing: Copper

Copper prices as traded on the LME rallied during January to peak at US$8,658 per tonne in late February, before declining sharply in early May to average US$8,097 per tonne during the first half of 2012. Having traded in a range of between US$8,000 and US$8,600 for the majority of H1, macroeconomic concerns primarily focused on Euro-zone debt and Chinese Industrial Production data caused prices to break out of this range, declining to a low of US$7,251 per tonne in early June.

The trend of underperforming mine supply which has been the persistent feature of the copper market for the past decade continued in H1 2012 and underpinned the strong demand and prices for ENRC copper products during the period. During H1 2012 the Group sold 17,983 t (H1 2011: 13,418 t) of copper products, primarily produced at the Group’s Luita processing facility in the DRC. The majority of these sales were to China, priced against the monthly average of the LME depending on the copper grade and terms of the sale. Sales were also made in other key Asian and European countries.

Sales and Pricing: Cobalt

The Metal Bulletin cobalt metal price started the year at US$13.45 per pound and increased to a peak of US$15.20 per pound in early February 2012. Prices then declined to US$13.20 per pound in March before stabilising around US$14.00 per pound for most of April and May 2012. Prices declined to a low of US$12.50 per pound at the end of H1, the lowest price for 3 years, mainly due to declining offers for high grade material.

China is the largest refining country of cobalt in the world, with an estimated production of 34,969 tonnes in 2011. The Group’s sales of cobalt concentrate to China were strong during H1 2012, fuelled by this Chinese refinery demand. ENRC sales of cobalt metal for H1 2012 were 6% higher than for the same period in 2011, which corresponds well with predicted global demand growth for mid-grade products.

Other Non-ferrous Division

Summary income statement

In millions of US$	Six months ended 30 June **2012**	2011 (restated)[1]	% Change
Revenue	**302**	327	*(7.6)%*
Third parties	**302**	327	*(7.6)%*
Cost of sales	**(306)**	(249)	*22.9%*
Gross (loss)/profit	**(4)**	78	*(105.1)%*
Gross margin %	***(1.3)%***	*23.9%*	
Distribution costs	**(11)**	(6)	*83.3%*
General and administrative expenses	**(46)**	(47)	*(2.1)%*
Exploration costs	**(52)**	(26)	*100.0%*
Net other operating income	**4**	6	*(33.3)%*
Operating (loss)/profit	**(109)**	5	*(2280.0)%*
Operating profit margin %	***(36.1)%***	*1.5%*	
Depreciation, amortisation and impairment	**(91)**	(61)	*49.2%*
Acquisition related costs	**(5)**	-	*n/a*
Underlying EBITDA	**(13)**	66	*(119.7)%*
Underlying EBITDA margin %	***(4.3)%***	*20.2%*	

[1] The management of the SABOT logistics business was transferred during H2 2011 to the Other Non-ferrous Division from the Logistics Division resulting in a restatement to H1 2011.

Results for the six months ended 30 June 2012

The Other Non-ferrous Division reported an EBITDA of US$(13) million (H1 2011: US$66 million) for the period. Significantly lower sales prices and higher levels of investment into development of the Division's greenfield assets offset higher revenues, received from increased copper sales.

Higher sales volumes of copper and cobalt metal added US$41 million and US$4 million to the Division's revenue respectively. On the other hand, lower volumes of cobalt concentrate reduced revenue by US$22 million. A fall in prices for both copper and cobalt decreased revenue by US$57 million. The contribution of SABOT, the Group's African logistics business, to the Division's third parties revenue amounted to US$24 million (H1 2011: US$29 million).

Cost of sales increased as a result of growing sales volumes of copper and cobalt metal as well as cost inflation driven by higher prices for acid and an increase in amortisation of mineral rights.

The unit cost of copper was negatively affected by higher depreciation and amortisation, while cash cost declined due to the development of the copper arm which resulted in a higher fixed cost absorption rate. By-product credits decreased compared to H1 2011 as a result of lower cobalt prices and a proportionally lower contribution of cobalt concentrate as by-product.

Exploration costs in H1 2012 rose significantly particularly for copper in the DRC and for coal in Mozambique compared with the same period in 2011 and amounted to US$52 million (H1 2011: US$26 million).

Capital Expenditure

The Group is undertaking a review of its growth strategy for the Other Non-ferrous Division taking into consideration recent acquisitions in Africa. As this continues, the Group may consider a number of necessary amendments to the previously announced investment programme.

- Expansion of copper (oxide) production: Phases 1 and 2 of the expansion project have been completed. All scheduled works completed: heap leaching and tank houses are operational. Total estimated project cost is US$150 million.

- Expansion of copper (sulphide) production: This project is in the Planning and Design category and currently has been suspended due to power constraints and reprioritisation of the project pipeline.

- Chambishi copper plant (LME grade A): Construction of a new solvent extraction and electrowinning (SX/EW) plant at Chambishi is scheduled to be completed in 2012 and will increase capacity to 55 ktpa from the existing 24 ktpa of grade B copper cathode. The total projected cost is US$80 million.

Energy Division

Key Facts		Six months ended 30 June 2012	2011	% Change
Third-party Sales Volumes				
Third-party coal (EEC)	'000t	**3,227**	3,314	*(2.6)%*
Third-party coal (Shubarkol)[1]	'000t	**673**	-	*n/a*
Semi-coke	'000t	**10**	-	*n/a*
Third-party electrical energy	GWh	**1,600**	1,351	*18.4%*
Consumption				
Coal (EEC) consumed in the production of electricty	'000t	**4,415**	4,250	*3.9%*
Coal (Shubarkol) consumed in the production of semi-coke[1]	'000t	**68**	-	*n/a*
Electricity produced and consumed for own use	GWh	**542**	525	*3.2%*
Production				
Coal (EEC)	'000t	**10,258**	10,165	*0.9%*
Coal (Shubarkol) [1]	'000t	**927**	-	*n/a*
Semi-coke	'000t	**34**	-	*n/a*
Electricity	GWh	**7,177**	6,900	*4.0%*
Prices				
Coal (EEC)	US$/t	**22**	23	*(4.3)%*
Coal (Shubarkol) [1]	US$/t	**23**	-	*n/a*
Semi-coke	US$/t	**130**	-	*n/a*
Electricity	US$/MWh	**38**	38	*0.0%*
Unit Costs[2]				
Coal (EEC)	US$/t	**5.8**	5.1	*13.7%*
Coal (Shubarkol) [1]	US$/t	**7.2**	-	*n/a*
Semi-coke	US$/t	**91.6**	-	*n/a*
Electricity	US$/MWh	**13.8**	11.8	*16.9%*

[1] Shubarkol: Numbers provided on a fully consolidated basis from May, 2012.
[2] Unit costs: Cost of sales divided by sales volumes.

Production
In H1 2012, the Energy Division produced 7,177 GWh (H1 2011: 6,900 GWh), of which 70.2% (H1 2011: 72.5%) was used by other Divisions internally within the Group. Coal extraction at EEC's Vostochny mine was broadly flat at 10,258 kt (H1 2011: 10,165 kt). In addition to sales of surplus electricity, the Energy Division also sold 3,227 kt of Vostochny coal to third parties (H1 2011: 3,314 kt), which represented 31.5% of total coal mined at Vostochny (H1 2011: 32.6%). The Group has reported production from Shubarkol, as of May 2012 until the end of the period, for the first time, with coal extraction volumes of 927 kt and semi-coke production of 34 kt.

Sales and Pricing - Coal
Kazakhstan coal output was flat at 55.7 mt in H1 2012 (H1 2011: 55.6 mt). The Energy Division's total sales of coal to third parties were up 18% in 2012, as a result of the acquisition of Shubarkol Komir, which completed in April 2012. In Kazakhstan, ENRC sold 1.5 million tonnes of coal to third parties (H1 2011: 1.0 million tonnes), including sales of 0.4 million tonnes of Shubarkol coal since May 2012. The average sales price of Vostochny coal was KZT1,179 (US$8.0) per tonne (H1 2011: KZT1,152 (US$7.9) per tonne), an increase of 2.3% in local currency terms. The average sales price for Shubarkol coal, which has a higher calorific value and lower ash content than coal from Vostochny, was KZT3,387 (US$22.9) per tonne. In Russia, the Energy Division sold 2.2 mt of coal (H1 2011: 2.3 mt), 96% of which is coal from Vostochny, at an average sales price of US$29.9 per tonne (H1 2011: US$29.0 per tonne). Since the acquisition of Shubarkol ENRC has expanded its customer base and sales geography delivering coal to consumers in Europe and Central Asia.

Sales and Pricing – Electricity
Improvements in industrial demand in Kazakhstan saw electricity demand continue to grow in 2012 with electricity generation rising by 5.3% for the country as a whole to 45.6 billion kWh. The Energy Division's sales of electricity to third parties increased 18.4% in 2012 due to increased electricity generation. The average sales price to third parties in local currency was unchanged at KZT5.6 (US 3.78 cents) per kWh (H1 2011: KZT5.6 (US 3.83 cents) per kWh.

Energy Division

Summary income statement

In millions of US$	Six months ended 30 June **2012**	2011	% Change
Revenue	**358**	313	*14.4%*
Third parties	**151**	127	*18.9%*
Inter-segment	**207**	186	*11.3%*
Cost of sales	**(145)**	(106)	*36.8%*
Gross profit	**213**	207	*2.9%*
Gross margin %	***59.5%***	*66.1%*	
Distribution costs	**(38)**	(38)	-
General and administrative expenses	**(17)**	(12)	*41.7%*
Net other operating income	**(1)**	2	*(150.0)%*
Operating profit	**157**	159	*(1.3)%*
Operating profit margin %	***43.9%***	*50.8%*	
Depreciation, amortisation and impairment	**(38)**	(29)	*31.0%*
Loss arising related to acquisition of associate	**(14)**	-	*n/a*
Acquisition related costs	**(1)**	-	*n/a*
Underlying EBITDA	**210**	188	*11.7%*
Underlying EBITDA margin %	***58.7%***	*60.1%*	

Results for the six months ended 30 June 2012
The Energy Division contributed US$210 million, or 18.4%, to the Group's Underlying EBITDA (H1 2011: US$188 million; 9.8%). The Division benefited from higher sales of electricity and inclusion of new coal assets acquired in April 2012, which added US$17 million to the Group's Underlying EBITDA.

The Division's third party revenue increased by US$24 million compared to H1 2011. A few factors supported the increase. US$19 million was added as a result of the Shubarkol acquisition. US$10 million was received from additional sales of electricity which became available from 25MW additional capacity installed at the end of June 2011. On the other hand, a decrease in sales prices for coal against the comparable period in 2011 reduced the Division's revenue by US$5 million. The Group signed an agreement with the Government of Kazakhstan in December 2011 to rollover the selling price of coal in Q1 2012. Since the beginning of Q2, coal prices in Kazakhstan increased approximately 8%. The Division's sales to other Group entities were US$207 million (H1 2011: US$186 million).

Cost of sales increased by US$39 million, US$22 million of which was due to the Shubarkol acquisition. At EEC costs were impacted by input costs inflation, namely explosive materials, diesel, higher depreciation and amortisation as well as labour.

Distribution costs stayed at the same level as in H1 2011 and amounted to US$38 million (H1 2011: US$38 million). US$3 million was due to the inclusion of Shubarkol.

General and administrative expenses increased by US$5 million, to US$17 million (H1 2011: US$12 million) with US$1 million due to the addition of Shubarkol.

Capital Expenditure
Reconstruction of the Power Unit 6 upgrades its capacity to 325 MW. In H1 2012, due to higher construction rates most of the works were performed ahead of schedule. Some major equipment was installed including a boiler carcass, filter and boiler heating surface. The commissioning date for this project remains unchanged and it is expected to be delivered in 2013 at a total estimated cost of US$265 million.

Contract regarding delivery of engineering documentations for Stripping complex 2 was signed.

Logistics Division

Key Facts		Six months ended 30 June 2012	2011	% Change
Transportation[1]				
Total tonnage transported by rail	'000t	**28,356**	31,261	*(9.3)%*
Sales Volumes				
Third-party freight forwarding [2]	'000t	**3,315**	3,947	*(16.0)%*
Railway line repairs	km	**81**	88	*(8.0)%*
Prices				
Third-party freight forwarding [2]	US$/t	**0.7**	0.7	*0.0%*
Railway line repairs	'000US$/km	**436**	213	*104.7%*
Unit Costs [3]				
Third party freight forwarding [2]	US$/t	**0.2**	1.0	*(80.0)%*
Railway line repairs	'000US$/km	**417**	214	*94.9%*

[1] Data includes all internal and third-party rail transportation.
[2] Data applies to Transsystema only.
[3] Unit costs: Cost of sales divided by sales volumes.

Sales and pricing

For the six months ended 30 June 2011, the Logistics Division transported 28,356 kt of goods (H1 2011: 31,261 kt), of which 88.2% (H1 2011: 87.3%) was intra-Group.

Logistics Division

Summary income statement

In millions of US$	Six months ended 30 June 2012	2011 (restated)[1]	% Change
Revenue	**164**	143	*14.7%*
Third parties	**41**	56	*(26.8)%*
Inter-segment	**123**	87	*41.4%*
Cost of sales	**(118)**	(99)	*19.2%*
Gross profit	**46**	44	*4.5%*
Gross margin %	***28.0%***	*30.8%*	
General and administrative expenses	**(23)**	(17)	*35.3%*
Net other operating expense	**(1)**	(2)	*(50.0)%*
Operating profit	**22**	25	*(12.0)%*
Operating profit margin %	***13.4%***	*17.5%*	
Depreciation, amortisation and impairment	**(13)**	(12)	*8.3%*
Underlying EBITDA	**35**	37	*(5.4)%*
Underlying EBITDA margin %	***21.3%***	*25.9%*	

[1] The management of the SABOT logistics business was transferred during H2 2011 to the Other Non-ferrous Division from the Logistics Division resulting in a restatement to H1 2011.

Results for the six months ended 30 June 2012

The Logistics Division contributed US$35 million, or 3.1%, to the Group's Underlying EBITDA (H1 2011: US$37 million, 1.9%). The lower result reflected an increase in freight forwarding in rented railcars and the disposal of the railway line repair business, Zhol Zhondeushy LLP.

The Division's third party revenue decreased US$15 million and amounted to US$41 million (H1 2011: US$56 million). The main reason for this being the exclusion of Zhol Zhondeushy, which was disposed of in May 2012. Revenue from other Group's Divisions increased by US$36 million, or 41.4%, to US$123 million (H1 2011: US$87 million). This was largely due to higher revenue received from the iron ore transported in rented wagons by the Kazakhstani logistics companies.

Cost of sales increased US$19 million, or 19.2%, to US$118 million (H1 2011: US$99 million) due to a larger share of third-party railcars rented for freight forwarding.

General and administrative expenses were US$23 million (H1 2011: US$17 million). US$7 million of the increase was due to impairment of loans and receivables of Zhol Zhondeushy.

The results for H1 2011 have been restated to reflect the transfer of the SABOT business to the Other Non-ferrous Division.

Capital Expenditure

The Logistics Division plans to expand its railway fleet to improve the self-sufficiency of the Group in the transport of its own materials. The Group's railway fleet expanded in H1 2012, with the purchase of 626 wagons. In H2 2012 it is envisaged that the Group will purchase approximately 1,662 wagons.

PRINCIPAL RISKS AND SIGNIFICANT FACTORS AFFECTING THE GROUP'S RESULTS OF OPERATIONS

The Board is responsible for the Group's systems of Risk Management and Internal Control and for reviewing their operational effectiveness.

Details of the Group's key risks were set out in our Group's Annual Report and Accounts for the year ended 31 December 2011, on pages 43 to 47.

Since publishing the Group's Annual Report and Accounts for the year ended 31 December 2011, a number of the key risks disclosed in that Annual Report and Accounts have been the subject of media focus and comment. As part of their regular review of risks, the management and the Board have reconsidered the Group's key risks and believe that there have been no material changes and that they remain appropriate.

Further details on the risks are included in the relevant business reviews throughout the document.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors of Eurasian Natural Resources Corporation PLC ('the Company') confirm that to the best of their knowledge this condensed consolidated half year financial information has been prepared in accordance with IAS 34, Interim Financial Reporting, as adopted by the European Union and that this half year financial report includes a fair review of the information required by the UK Listing Authority's Disclosure and Transparency Rules 4.2.7R and 4.2.8R, namely:

- An indication of important events that have occurred during the first six months of 2012 and their impact on the consolidated half year financial statements, and a description of the principal risks and uncertainties for the remaining six months of 2012; and
- Material related-party transactions in the first six months of 2012 and any material changes in the related-party transactions described in the Group's Annual Report and Accounts for the year ended 31 December 2011.

The Directors of the Company are listed in the Group's Annual Report and Accounts for the year ended 31 December 2011, with the exception of Mr Richard Burrows and Dr Mohsen Khalil who were appointed with effect from 12 June 2012. A list of current Directors is maintained on the Group's website at: www.enrc.com.

By order of the Board

Felix J Vulis
Chief Executive Officer
15 August 2012

Independent Review Report to Eurasian Natural Resources Corporation PLC

Introduction
We have been engaged by Eurasian Natural Resources Corporation PLC (the 'Company') to review the condensed consolidated interim financial information in the Announcement of the 2012 Half Year Results for the six months ended 30 June 2012, which comprises the consolidated interim income statement, consolidated interim statement of comprehensive income, consolidated interim balance sheet, consolidated interim cash flow statement, consolidated interim statement of changes in equity and related notes. We have read the other information contained in the Announcement of the 2012 Half Year Results and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities
The Announcement of the 2012 Half Year Results is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the Announcement of the 2012 Half Year Results in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority. As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed consolidated interim financial information included in this Announcement of the 2012 Half Year Results has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union.

Our responsibility
Our responsibility is to express to the Company a conclusion on the condensed consolidated interim financial information in the Announcement of the 2012 Half Year Results based on our review. This report, including the conclusion, has been prepared for and only for the Company for the purpose of the Disclosure and Transparency Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of review
We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial information in the Announcement of the 2012 Half Year Results for the six months ended 30 June 2012 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

PricewaterhouseCoopers LLP
Chartered Accountants
15 August 2012
London

Notes:
(a) The maintenance and integrity of the Eurasian Natural Resources Corporation PLC website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
(b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

CONSOLIDATED INTERIM INCOME STATEMENT (Unaudited)

In millions of US$ (unless stated otherwise)	Note	Six months ended 30 June 2012	2011
Revenue		**3,246**	4,011
Cost of sales	6	**(1,757)**	(1,690)
Gross profit		**1,489**	2,321
Distribution costs	7	**(265)**	(251)
General and administrative expenses	8	**(363)**	(357)
Exploration costs		**(59)**	(26)
Net other operating expense		**(2)**	(20)
Operating profit		**800**	1,667
Finance income	9	**40**	46
Finance cost	10	**(164)**	(87)
Share of (loss)/profit of joint ventures and associates		**(9)**	5
Profit before income tax		**667**	1,631
Income tax expense	11	**(212)**	(449)
Profit for the period		**455**	1,182
Profit/(loss) attributable to:			
Equity holders of the Company		**463**	1,166
Non-controlling interests		**(8)**	16
Earnings per share – basic and diluted (US cents)	12	**36**	91

The above Consolidated Interim Income Statement should be read in conjunction with the accompanying notes.

CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Unaudited)

	Six months ended 30 June	
In millions of US$	**2012**	2011
Profit for the period	**455**	1,182
Other comprehensive (expense)/income:		
Fair value loss on available-for-sale financial assets, net of tax	**(44)**	(39)
Currency translation differences	**(198)**	239
Total comprehensive income for the period	**213**	1,382
Total comprehensive income attributable to:		
Equity holders of the Company	**221**	1,365
Non-controlling interests	**(8)**	17
	213	1,382

The above Consolidated Interim Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED INTERIM BALANCE SHEET (Unaudited)

In millions of US$	Note	As at 30 June 2012	31 December 2011	30 June 2011 As restated[1]
Assets				
Non-current assets				
Property, plant and equipment	13	**11,896**	9,891	8,950
Goodwill and intangible assets	5	**2,107**	1,410	1,431
Investments in joint ventures and associates	5	**177**	389	429
Other financial assets		**168**	207	336
Loans receivable		**290**	225	213
Deferred tax assets		**72**	49	12
Other non-current assets		**374**	349	354
Total non-current assets		**15,084**	12,520	11,725
Current assets				
Assets classified as held for sale		**19**	75	94
Inventories		**1,235**	1,027	1,000
Trade and other receivables		**1,243**	1,259	1,195
Other financial assets		**13**	11	14
Loans receivable		**3**	2	4
Cash and cash equivalents		**1,529**	622	1,565
Total current assets		**4,042**	2,996	3,872
Total assets		**19,126**	15,516	15,597
Equity				
Share capital and share premium		**3,257**	3,257	3,257
Reserves		**7,720**	7,643	7,630
Attributable to equity holders of the Company		**10,977**	10,900	10,887
Non-controlling interests		**343**	336	261
Total equity		**11,320**	11,236	11,148
Liabilities				
Non-current liabilities				
Borrowings	14	**4,578**	1,234	1,284
Deferred tax liabilities		**1,393**	1,277	1,215
Asset retirement obligations		**276**	124	96
Employee benefit obligations		**80**	53	44
Other non-current liabilities		**27**	15	28
Total non-current liabilities		**6,354**	2,703	2,667
Current liabilities				
Liabilities classified as held for sale		**2**	25	46
Borrowings	14	**362**	360	283
Trade and other payables		**885**	980	1,098
Current income tax liability		**83**	130	173
Other taxes payable		**120**	82	182
Total current liabilities		**1,452**	1,577	1,782
Total liabilities		**7,806**	4,280	4,449
Total liabilities and equity		**19,126**	15,516	15,597

[1] See note 1 Accounting polices - basis of preparation.

The above Consolidated Interim Balance Sheet should be read in conjunction with the accompanying notes.

CONSOLIDATED INTERIM CASH FLOW STATEMENT (Unaudited)

In millions of US$	Note	Six months ended 30 June 2012	Six months ended 30 June 2011 As restated
Cash flow from operating activities			
Profit before income tax		**667**	1,631
Adjustments for:			
Depreciation, amortisation and impairment		**324**	261
Loss arising related to acquisition of associate	5	**14**	-
Adjustment to contingent consideration for Rubio Holdings		**(8)**	-
Share of loss/(profit) from joint ventures and associates		**9**	(5)
Share based payments		**5**	5
Impairment loss in receivables		**10**	11
Net finance cost		**124**	43
Net foreign exchange loss		**(5)**	14
		1,140	1,960
Changes in inventories		**(158)**	(129)
Changes in trade and other receivables		**51**	(254)
Changes in trade and other payables		**67**	15
Changes in employee benefit obligations		**(3)**	3
Changes in other taxes payable		**42**	46
Cash generated from operating activities		**1,139**	1,641
Interest and other similar expenses paid		**(81)**	(33)
Interest received		**7**	14
Income tax paid		**(341)**	(438)
Net cash generated from operating activities		**724**	1,184
Cash flow from investing activities			
Purchase of property, plant and equipment		**(1,020)**	(821)
Proceeds from sales of property, plant and equipment		**34**	11
Purchase of intangible assets		**(17)**	(16)
Payment of contingent consideration		**(108)**	-
Acquisition of subsidiaries, net of cash acquired	5	**(1,333)**	-
Purchase of joint ventures and associate		**-**	(55)
Purchase of financial assets available-for-sale		**-**	(25)
Proceeds from sale of financial assets available-for-sale		**25**	-
Proceeds from sale of assets held for sale		**15**	-
Proceeds from cash deposited as guarantee		**-**	11
Loans and deposits granted		**(80)**	(114)
Proceeds from repayment of loans and deposits		**19**	53
Dividends received		**-**	4
Net cash used for investing activities		**(2,465)**	(952)
Cash flow from financing activities			
Borrowings - proceeds		**3,035**	16
Borrowings - repayments		**(159)**	(50)
Payment of deferred consideration		**(50)**	-
Purchase of non-controlling interests		**(29)**	-
Dividends paid to equity holders of the Company		**(141)**	(232)
Dividends paid to non-controlling interests		**1**	(7)
Net cash generated from/(used for) financing activities		**2,657**	(273)
Net changes in cash and cash equivalents		**916**	(41)
Cash and cash equivalents at beginning of period		**622**	1,595
Foreign exchange (loss)/gain on cash and cash equivalents		**(9)**	11
Cash and cash equivalents at end of period		**1,529**	1,565

The above Consolidated Interim Cash Flow Statement should be read in conjunction with the accompanying notes.

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (Unaudited)

In millions of US$	Share capital	Share premium	Retained earnings	Translation reserve	Revaluation reserve of financial assets available-for-sale	Total	Non-controlling interests	Total equity
	Attributable to equity holders of the Company							
Balance as at 1 January 2011	258	2,999	7,275	(790)	7	9,749	260	10,009
Profit for the period	-	-	1,166	-	-	1,166	16	1,182
Other comprehensive income/(expense)	-	-	-	238	(39)	199	1	200
Total comprehensive income/(expense)	-	-	1,166	238	(39)	1,365	17	1,382
Dividends	-	-	(232)	-	-	(232)	(16)	(248)
Share-based payments	-	-	5	-	-	5	-	5
Balance as at 30 June 2011	258	2,999	8,214	(552)	(32)	10,887	261	11,148
Balance as at 1 January 2012	**258**	**2,999**	**8,823**	**(1,013)**	**(167)**	**10,900**	**336**	**11,236**
Profit for the period	-	-	463	-	-	463	(8)	**455**
Other comprehensive expense	-	-	-	(198)	(44)	(242)	-	**(242)**
Total comprehensive income/(expense)	**-**	**-**	**463**	**(198)**	**(44)**	**221**	**(8)**	**213**
Dividends	-	-	(141)	-	-	(141)	(3)	**(144)**
Buyout of non-controlling interests[1]	-	-	(8)	-	-	(8)	(21)	**(29)**
Share-based payments	-	-	5	-	-	5	-	**5**
Other changes in non-controlling interests[2]	-	-	-	-	-	-	39	**39**
Balance as at 30 June 2012	**258**	**2,999**	**9,142**	**(1,211)**	**(211)**	**10,977**	**343**	**11,320**

[1] This relates to the remaining 3.12% in ENRC Africa Holdings Ltd (formerly Central African Mining and Exploration Company PLC).
[2] Includes the recognition of non-controlling interests arising on the Rudnensky Cement Plant being held for sale, de-recognition of non-controlling interests for Xinjiang Tuoli ENRC Taihang Chrome Co. Ltd. ('Tuoli') as loss of control (and subsequently classified as an investment) and recognition of 5% non-controlling interests as a result of Frontier acquisition.

The above Consolidated Interim Statement of Changes in Equity should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

1. ACCOUNTING POLICIES

BASIS OF PREPARATION

Eurasian Natural Resources Corporation PLC (the 'Company') was incorporated and registered under the laws of England and Wales on 8 December 2006. The address of the Company's registered office and domicile is 16 St. James's Street, London, SW1A 1ER, United Kingdom. The condensed consolidated interim financial statements as at and for the six months ended 30 June 2012 comprised the Company and its subsidiaries (the 'Group') and the Group's interest in joint ventures and associates.

The condensed consolidated interim financial statements for the six months ended 30 June 2012 was approved for issue by the Board on 15 August 2012.

The condensed consolidated interim financial statements for the six months ended 30 June 2012 do not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2011 were approved by the Board of Directors on 16 April 2012 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006.

The condensed consolidated interim financial statements for the six months ended 30 June 2012 have been reviewed, not audited.

The condensed consolidated interim financial statements for the six months ended 30 June 2012 have been prepared in accordance with the Disclosure and Transparency Rules ('DTR') of the United Kingdom's ('UK's') Financial Services Authority ('FSA') and with International Accounting Standard ('IAS') 34 'Interim Financial Reporting' as adopted by the European Union ('EU').

The condensed consolidated interim financial statements for the six months ended 30 June 2012 should be read in conjunction with the Group's Annual Report and Accounts for the year ended 31 December 2011, which have been prepared in accordance with International Financial Reporting Standards ('IFRS'), as adopted by the EU, the Listing Rules of the UK's FSA, the Companies Act 2006 applicable to companies reporting under IFRS and Article 4 of the EU IAS Regulation.

Where the Group has changed the presentational format of these condensed consolidated interim financial statements to further improve the comparability of its results, comparative figures have been changed accordingly. This occurred in respect of segment reporting as detailed in note 3, balances and transactions with related parties in note 4, general and administrative expenses in note 8 and property, plant and equipment as detailed in note 13.

1. ACCOUNTING POLICIES (CONTINUED)

The accounting policies applied are consistent with those described in the Group's Annual Report and Accounts for the year ended 31 December 2011.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Going concern basis

The Group's business activities, together with those factors likely to affect future performance are set out in the Business Review (comprised of the Chief Executive Officer's Statement, the Chief Financial Officer's Review, the Operating and Financial Reviews, Capital Expenditure and Principal Risks and Significant Factors Affecting the Group's Results of Operations). In assessing the Group's going concern status the Directors have taken into account the financial position of the Group and in particular its significant balances of cash, cash equivalents and liquid investments, the borrowing facilities in place and their terms, medium-term cash flow and liquidity projections, the current commodity prices and market expectations in the medium-term, the Group's expected operating cost profile and its capital expenditure and financing plans. After making enquiries, the Directors have reasonable expectations that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

2. ESTIMATES

The preparation of these condensed consolidated interim financial statements for the six months ended 30 June 2012 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements for the six months ended 30 June 2012, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's Annual Report and Accounts for the year ended 31 December 2011. As at 30 June 2012 the amount of estimated asset retirement obligation changed by US$134 million (refer note 13) due to changes in inflation and discount rates. The long-term inflation rate currently applied in the calculation is 1.2% - 6.0% as at 30 June 2012 (2011: 1.2%-9.0%) being the estimate of the rate of inflation over the mine lives. The discount rate currently applied in the calculation is 5.02%-15.4% at 30 June 2012 (2011: 7.9%-15.4%) being the estimate of the risk free pre-tax interest rates for long-term government securities.

3. SEGMENT INFORMATION

The identified operating and reportable segments of the Group are the same as those that applied to the Group's Annual Report and Accounts for the year ended 31 December 2011.

Segment assets includes items directly attributable to the segment as well those that can be allocated on a reasonable basis. Segment assets consist primarily of property, plant and equipment, intangible assets, inventories and trade and other receivables, and mainly exclude investments in joint ventures and associates, other financial assets, loans receivable, unallocated term deposits and deferred and current income tax assets.

The management of the SABOT logistics business was transferred during 2011 to the Other Non-ferrous Division from the Logistics Division. As a result of this transfer the segment classification of the SABOT business changed, which has resulted in a restatement of the information for the period ended 30 June 2011.

On 2 March 2012, the Group acquired Roan Prospecting & Mining SPRL, Compagnie Minière de Sakania SPRL and Frontier SPRL which are included within the Other Non-ferrous Division. On 16 April 2012, the Group purchased the remaining 75% of the outstanding ordinary shares of Shubarkol Komir JSC, 100% of which is included within the Energy Division.

3. SEGMENT INFORMATION (Continued)

Six months ended 30 June 2012 Segment information In millions of US$	Ferroalloys Division	Iron Ore Division	Alumina and Aluminium Division	Other Non-ferrous Division	Energy Division	Logistics Division	Corporate	Intra Group Eliminations	**Total**
Revenue	1,325	983	440	302	151	41	4	-	**3,246**
Inter-segment revenue	8	-	13	-	207	123	-	(351)	**-**
Segment revenue	**1,333**	**983**	**453**	**302**	**358**	**164**	**4**	**(351)**	**3,246**
Segment operating profit/(loss)	**390**	**416**	**(6)**	**(109)**	**157**	**22**	**(70)**	**-**	**800**
Finance income									**40**
Finance cost									**(164)**
Share of profit of joint ventures and associates									**(9)**
Profit before income tax									**667**
Income tax expense									**(212)**
Profit for the period									**455**
Depreciation, amortisation and impairment	**(68)**	**(57)**	**(54)**	**(91)**	**(38)**	**(13)**	**(3)**	**-**	**(324)**
Acquisition related costs	**-**	**-**	**-**	**(5)**	**(1)**	**-**	**-**	**-**	**(6)**
Loss arising related to acquisition of associate	**-**	**-**	**-**	**-**	**(14)**	**-**	**-**	**-**	**(14)**
Underlying EBITDA (note 15)	**458**	**473**	**48**	**(13)**	**210**	**35**	**(67)**	**-**	**1,144**
Capital expenditure	**257**	**187**	**96**	**270**	**136**	**63**	**38**	**-**	**1,047**
Segment assets	**3,400**	**4,284**	**2,183**	**2,265**	**4,631**	**491**	**1,244**	**(265)**	**18,233**
Unallocated assets									**893**
Total assets									**19,126**
Average number of employees	**24,412**	**20,093**	**14,241**	**8,503**	**7,616**	**3,081**	**484**	**-**	**78,430**

3. SEGMENT INFORMATION (Continued)

Six months ended 30 June 2011 Segment information In millions of US$ As restated	Ferroalloys Division	Iron Ore Division	Alumina and Aluminium Division	Other Non-ferrous Division[1]	Energy Division	Logistics Division	Corporate	Intra Group Eliminations	Total
Revenue	1,637	1,295	563	327	127	56	6	-	4,011
Inter-segment revenue	7	1	14	-	186	87	-	(295)	-
Segment revenue	1,644	1,296	577	327	313	143	6	(295)	4,011
Segment operating profit/(loss)	595	786	141	5	159	25	(44)	-	1,667
Finance income									46
Finance cost									(87)
Share of profit of joint ventures and associates									5
Profit before income tax									1,631
Income tax expense									(449)
Profit for the period									1,182
Depreciation, amortisation and impairment	(60)	(49)	(47)	(61)	(29)	(12)	(2)	-	(260)
Underlying EBITDA (note 15)	655	835	188	66	188	37	(42)	-	1,927
Capital expenditure	129	199	99	97	99	57	17	-	697
Segment assets	3,091	4,469	2,126	2,493	1,023	334	1,063	(72)	14,527
Unallocated assets									1,070
Total assets									15,597
Average number of employees	24,886	18,002	14,360	8,105	6,723	2,592	382	-	75,050

[1] Dezita Investments Limited, previously provisionally reported in the Half Year Results for the period ended 30 June 2011 as a business combination, was determined to be an asset purchase in the Group's Annual Report and Accounts for the year ended 31 December 2011. The balance sheet for 30 June 2011 has been restated in this respect.

4. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

During the periods ended 30 June 2012 and 30 June 2011, the Group entered into the following transactions in the ordinary course of business with related parties:

	Founder Shareholders[1]		Joint ventures		Associates		Other		Total	
In millions of US$	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
Revenue from sale of goods	**4**	4	**-**	-	**-**	-	**-**	-	**4**	4
Revenue from the provision of services	**1**	1	**13**	-	**-**	-	**-**	-	**14**	1
Purchases of goods	**(5)**	(12)	**-**	-	**(23)**	(24)	**-**	-	**(28)**	(36)
Purchases of services and other income/ (expense)	**(38)**	(43)	**-**	-	**-**	-	**2**	-	**(36)**	(43)
Finance income	**4**	7	**8**	5	**-**	-	**-**	-	**12**	12
Finance cost	**-**	(4)	**(1)**	(1)	**-**	-	**-**	-	**(1)**	(5)
Purchase of property, plant and equipment	**(5)**	(23)	**-**	-	-	-	-	-	**(5)**	(23)

[1] Includes all entities under the control of the Founder Shareholders.

4. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

The outstanding balances with related parties as at 30 June 2012 and 31 December 2011 are as follows:

	Founder Shareholders[1]				Joint ventures		Associates		Other [4]		Total	
	Eurasian Bank		Other									
In millions of US$	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
Non-current assets												
Loans receivable	**-**	-	**-**	-	**263**	199	**-**	-	**-**	-	**263**	199
Other financial assets[2]	**21**	16	**-**	-	**-**	-	**-**	-	**-**	-	**21**	16
Other non-current assets	**6**	3	**2**	2	**-**	-	**-**	-	**-**	-	**8**	5
Current assets												
Trade and other receivables[3]	**22**	36	**30**	17	**13**	8	**-**	4	**17**	-	**82**	65
Cash and cash equivalents	**198**	175	**-**	-	**-**	-	**-**	-	**-**	-	**198**	175
Non-current liabilities												
Trade and other payables	**-**	-	**-**	-	**3**	-	**-**	-	**-**	-	**3**	-
Current liabilities												
Borrowings	**-**	-	**-**	-	**-**	3	**-**	-	**25**	75	**25**	78
Trade and other payables	**-**	-	**12**	8	**-**	2	**-**	2	**-**	-	**12**	12

[1] Includes all entities under the control of the Founder Shareholders.
[2] Other financial assets held with Eurasian Bank JSC includes term deposits of US$21 million (2011: US$16 million) for the retirement of assets in accordance with the requirements of contracts on subsurface use.
[3] Trade and other receivables with Eurasian Bank JSC include mainly letters of credit of US$1 million (2011: US$14 million) and term deposits of US$20 million (2011: US$22 million).
[4] Other includes payable for promissory notes to Cerida Global Limited (Group's joint venture partner) and trade receivables from Tuoli.

4. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

Shubarkol Call Option

In April 2012 the Group exercised the option and completed the acquisition of the remaining 75% of the outstanding ordinary shares of Shubarkol (full detail in note 5).

Transactions with Government

Government of the Republic of Kazakhstan related entities

The Government of the Republic of Kazakhstan and related entities are related parties of the Group as a result of the Government's shareholding in the Group. The Group has a number of transactions with the Government of the Republic of Kazakhstan and related entities. The nature of these transactions is typically as follows:

- Railroad construction and repair services provided to the Government – revenue US$35 million for the period ended 30 June 2012 (30 June 2011: US$51 million);
- Social investment and donations (including donations for the period ended 30 June 2012 totalling US$nil (30 June 2011: US$64 million) to the Nazarbayev Fund);
- National railway services received from Kazakhstan Temir Zholy of US$54 million for the period ended 30 June 2012 (30 June 2011: US$49 million);
- Supply and transportation of fuel and oil associated gas through KazTransGaz amounted to US$25 million (30 June 2011: US$19 million);
- Services received in relation to transportation of electricity and energy through Kazakhstan Electricity Grid Operating Company ('KEGOC') of US$16 million for the period ended 30 June 2012 (30 June 2011: US$14 million); and
- Taxation and similar payments (including royalties and MET).

In 2010, the Group entered into loan agreements with the Development Bank of Kazakhstan and JSC Sovereign Wealth Fund 'Samruk-Kazyna', entities controlled by the Republic of Kazakhstan as follows:

Development Bank of Kazakhstan Facility

On 15 April 2010, the Group announced that it had entered into a loan agreement for the amount of US$400 million with the Development Bank of Kazakhstan. The facility was provided by the Development Bank of Kazakhstan using financing from the State-run Export-Import Bank of China. The facility is for a 15-year period, bears an interest rate of 4% and was fully drawn as at 30 June 2012. The loan was secured by a corporate guarantee issued by ENRC PLC and a pledge over 51% of the shares of Kazakhstan Aluminium Smelter JSC ('KAS').

4. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

JSC Wealth Fund 'Samruk-Kazyna'

On 30 November 2010, the Group entered into a US$500 million facility with the JSC Wealth Fund 'Samruk-Kazyna'. The facility has an applicable interest rate of 7.5% per annum and is repayable in 10 years by bullet repayment. No security has been pledged as part of the agreement and it is fully drawn down as at 30 June 2012.

Government of the Democratic Republic of Congo ('DRC') related entities

Gècamines, the representative entity of the Government of the DRC, holds 30% interest in the Group's subsidiary Boss Mining. The Group has a number of transactions with the Government of the DRC and related entities. The nature of these transactions is typically as follows:

- Taxation and similar payments (including royalties); and
- Electricity received from Société Nationale d'Electricité amounted to US$5 million for the period ended 30 June 2012 (2011: US$3 million).

5. BUSINESS COMBINATIONS

Acquisition of Roan Prospecting & Mining SPRL, Frontier SPRL and Compagnie Minière de Sakania SPRL

On 2 March 2012, the Group completed the acquisition of First Quantum Minerals Ltd.'s ('FQM') business assets in respect of the Kolwezi Tailings ('KMT') project, the Frontier and Lonshi mines and related exploration interests, all located in the Katanga Province of the Democratic Republic of the Congo ('DRC'), for a total consideration of US$1.25 billion. The entities acquired were 100% Compagnie Minière de Sakania SPRL ('COMISA'), 100% Kolwezi Investment Ltd. ('KI'), 95% Frontier SPRL ('Frontier'), 100% Roan Prospecting and Mining SPRL ('RPM') and 100% Congo Minerals Development ('CMD').

The total consideration of US$1.25 billion comprised of the following:

- An initial payment of US$750 million which was made in March 2012; and
- Deferred consideration of US$500 million in the form of a 3-year promissory note with an interest coupon of 3% which is payable annually in arrears.

The main asset of RPM is the Kolwezi Processing Facility. The facility consists of solvent extraction and electrowinning ('SX/EW') circuits for the production of cobalt hydroxide and copper cathodes. The potential ore body to be used is the Kolwezi tailings which sit adjacent to the facility.

The Kolwezi tailings consist of the Kingamyambo dam and the Musoni river tailings containing copper and cobalt ore. The Kolwezi tailings are owned by the Treatment of Kingamyambo Tailings Company ('Metalkol') which is 70% owned by Camrose Resources Limited ('Camrose'). The Group has held a 50.5% interest in Camrose since August 2010.

The main asset of Frontier is a processing facility which comprises a mill and a concentrator for the production of copper concentrate.

5. BUSINESS COMBINATIONS (CONTINUED)

The provisional fair values of the identifiable assets and liabilities of RPM and Frontier as at the acquisition date are set out below:

In millions of US$	Provisional carrying values at acquisition date	Provisional fair value adjustments	**Provisional fair values at acquisition date**
Property, plant and equipment	555	28	**583**
Inventories	49	-	**49**
Other assets	17	-	**17**
Total assets	**621**	**28**	**649**
Trade and other payables	(21)	-	**(21)**
Total liabilities	**(21)**	**-**	**(21)**
Net assets	600	28	**628**
Non-controlling interests			**(11)**
Goodwill and intangible assets			**573**
Net attributable assets			**1,190**
Consideration:			
Purchase consideration settled in cash			**750**
FQM refund for assets not delivered on closing			**(1)**
Fair value of the US$500 million promissory notes			**441**
Total consideration			**1,190**

The goodwill and intangible assets arises on the acquisition of RPM primarily because of the strategic location of the asset next to the Kolwezi tailings and the expectation that the facility will process these tailings. Goodwill and intangible assets also results from the acquisition of Frontier due to the expected value and benefit to the business for the anticipated future processing of the Frontier mineral resources.

Acquisition costs of US$5.1 million have been expensed and included in general and administrative expenses in the Consolidated Interim Income Statement.

The acquired businesses contributed no revenue and no profit after income tax from the date of acquisition to 30 June 2012. If the acquisition had taken place at the beginning of the year, there would have been no impact to the Group's revenue and no impact to profit after income tax.

On 31 July 2012, the Government of the DRC has decided to grant Frontier a new mining licence in respect of the Frontier mine for US$101.5 million. The new Frontier licence will provide feed for the Frontier processing facility.

5. BUSINESS COMBINATIONS (CONTINUED)

Acquisition of Shubarkol Komir Joint Stock Company ('Shubarkol')

On 16 April 2012 the Group completed the purchase of the remaining 75% of the outstanding ordinary shares of Shubarkol, a major semi-coke and thermal coal producer incorporated in the Republic of Kazakhstan.

The Group exercised the option to acquire the outstanding shares for a total cash consideration of US$600 million plus assumed debt of US$50 million following receipt of all necessary legal and regulatory approvals.

The provisional fair values of the identifiable assets and liabilities of Shubarkol as at the date of acquisition are set out below:

In millions of US$	Carrying values at acquisition date	Provisional fair value adjustments	**Provisional fair values at acquisition date**
Property, plant and equipment	115	715	**830**
Intangible assets	-	14	**14**
Investment in Joint Venture	33	(22)	**11**
Other financial (non-current) assets	11	-	**11**
Inventory	12	(1)	**11**
Other financial (current) assets	6	-	**6**
Total assets	177	706	**883**
Borrowings	(50)	-	**(50)**
Deferred tax liabilities	(14)	(132)	**(146)**
Provisions	(11)	-	**(11)**
Taxation	(12)	-	**(12)**
Trade and other payables	(11)	-	**(11)**
Total liabilities	(98)	(132)	**(230)**
Net assets	79	574	**653**
Non-controlling interests			**(1)**
Goodwill			**132**
Net attributable assets			**784**
Consideration:			
Purchase consideration settled in cash			**600**
Cash acquired			**(16)**
Net cash outflow on acquisition			**584**
Loss arising related to acquisition of associate			**(14)**
Carrying value of initial 25% interest at acquisition date			**214**
Total consideration			**784**

This acquisition is the main reason for the decrease of investment in joint ventures and associates in the Consolidated Interim Balance Sheet.

5. BUSINESS COMBINATIONS (CONTINUED)

As a result of the acquisition the 25% previously held equity interest in Shubarkol was required to be re-measured at fair value as at the acquisition date (IFRS 3), provisionally resulting in a loss of US$14 million. This loss has been accounted for in the Consolidated Interim Income Statement.

The goodwill provisionally recognised on acquisition is the result of the requirement to recognise a deferred tax liability on the acquired mineral rights (within property, plant and equipment).

Acquisition costs of US$1.2 million have been expensed and included in general and administrative expenses in the Consolidated Interim Income Statement.

The acquired business contributed revenues of US$18 million and profit after income tax of US$10 million from the date of acquisition. If the acquisition had taken place at the beginning of the year, the impact to the Group's revenue would have been an additional US$48 million, whilst the impact to the profit after income tax would have been an additional profit of US$21 million.

Goodwill and intangible assets
The acquisition of Shubarkol and FQM's assets in respect of the KMT project, the Frontier and Lonshi mines and related exploration interests are the main reason for the increase in goodwill and intangible assets in the Consolidated Interim Balance Sheet.

Fair value estimates
The provisional values of assets and liabilities recognised on acquisition are their estimated fair values at the date of acquisition. Accounting standards permit up to 12 months for provisional acquisition accounting to be finalised following the acquisition date if any subsequent information provides better evidence of the item's fair value at the date of acquisition.

For all business combinations, the Group either undertook or is in the process of finalising its review of the fair value of assets and liabilities recognised at the date of acquisition. Such reviews may include engaging third party advisors to determine the fair values of the cash-generating units of the entities acquired.

6. COST OF SALES

	Six months ended 30 June	
In millions of US$	**2012**	2011
Materials and components used	**(725)**	(725)
Staff costs	**(339)**	(281)
Depreciation, amortisation and impairment	**(314)**	(251)
Mineral extraction taxes, royalties and other taxes	**(166)**	(211)
Power and energy	**(101)**	(97)
Repairs and maintenance	**(58)**	(48)
Changes in inventories of finished goods and work-in-progress	**107**	45
Other	**(161)**	(122)
Total cost of sales	**(1,757)**	(1,690)

7. DISTRIBUTION COSTS

	Six months ended 30 June	
In millions of US$	**2012**	2011
Transportation costs	**(214)**	(199)
Agency and commission fees	**(11)**	(12)
Taxes and duties	**(6)**	(8)
Other	**(34)**	(32)
Total distribution costs	**(265)**	(251)

8. GENERAL AND ADMINISTRATIVE EXPENSES

In millions of US$	Six months ended 30 June 2012	2011
Staff costs	**(140)**	(113)
Sponsorship and donations	**(58)**	(92)
Professional and other services	**(59)**	(43)
Depreciation, amortisation and impairment	**(10)**	(9)
Taxes other than on income	**(18)**	(20)
Travel and entertainment	**(14)**	(12)
Impairment of loans and receivables	**(10)**	(11)
Other	**(54)**	(57)
Total general and administrative expenses	**(363)**	(357)

9. FINANCE INCOME

In millions of US$	Six months ended 30 June 2012	2011
Interest income	**16**	17
Foreign exchange gains	**16**	19
Other	**8**	10
Total finance income	**40**	46

10. FINANCE COST

In millions of US$	Six months ended 30 June 2012	2011
Interest expense on borrowings	**(87)**	(46)
Foreign exchange losses	**(27)**	(14)
Unwinding of discount on long term provisions	**(7)**	(2)
Amortisation of financial instruments discount	**(9)**	(2)
Other	**(34)**	(23)
Total finance cost	**(164)**	(87)

11. INCOME TAXES

Income tax expense comprises the following:

In millions of US$	Six months ended 30 June 2012	Six months ended 30 June 2011
Current tax		
Corporate income tax – current period	**(208)**	(329)
Corporate income tax – prior periods	**(7)**	(34)
Withholding taxes	**(9)**	(45)
Total current tax	**(224)**	(408)
Deferred tax		
Deferred income tax – current period - origination and reversal of temporary differences	**10**	(39)
Deferred income tax – prior periods	**2**	(2)
Total deferred tax	**12**	(41)
Total income tax expense for the period	**(212)**	(449)

The income tax expense is accrued based on the expected annual effective tax rate applied to the actual pre-tax income for the six months ended 30 June 2012, further adjusted for one-off items arising within the interim period. Withholding tax on dividends is treated as a one-off item and is accrued in full in the period in which the obligation to pay dividends becomes unconditional.

The Effective Tax Rate ('ETR') for the period of 31.8% (2011: 27.5%) was higher than the applicable Corporate Income Tax ('CIT') rate of 20%. This is mainly due to losses not recognised for deferred tax purposes in jurisdictions where the Group has a lack of income and, therefore, tax capacity, which added 7.3 percentage points to the ETR, Excess Profits Tax charges in Kazakhstan which increased the ETR by 2.6 percentage points, and items not taxable or deductible for tax purposes which added 2.6 percentage points. The applicable rate of 20% refers to the CIT rate in Kazakhstan, where the majority of the Group's operations are located.

12. EARNINGS PER SHARE

In millions of US$ (unless stated otherwise)	Six months ended 30 June 2012	Six months ended 30 June 2011
Profit for the period attributable to equity holders of the Company	**463**	1,166
Number of shares: **Weighted average number of ordinary shares in issue for basic earnings per share**	**1,287,750,000**	1,287,750,000
Adjusted for: Potential share based awards under Long-term Incentive Plan	**-**	-
Weighted average number of ordinary shares for diluted earnings per share	**1,287,750,000**	1,287,750,000
Basic and diluted earnings per share (US cents)	**36**	91

13. PROPERTY, PLANT AND EQUIPMENT

In millions of US$	Freehold land	Buildings and mining assets	Mineral rights	Plant and equipment	Vehicles	Assets under construction	**Total**
Cost at 1 January 2012	**55**	**2,153**	**3,138**	**3,659**	**1,113**	**1,950**	**12,068**
Additions	4	39	1	212	40	714	**1,010**
Additions on business combinations	-	52	661	237	44	419	**1,413**
Change in asset retirement costs	-	120	-	14	-	-	**134**
Transfers	-	106	-	137	111	(354)	**-**
Transfer to assets classified as held for sale	-	-	-	-	-	(3)	**(3)**
Disposals	(9)	(11)	-	(69)	(18)	(12)	**(119)**
Exchange differences	(1)	(15)	(125)	(26)	(9)	(23)	**(199)**
At 30 June 2012	49	2,444	3,675	4,164	1,281	2,691	**14,304**
Accumulated depreciation at 1 January 2012	-	(528)	(75)	(1,181)	(393)	-	**(2,177)**
Disposals	-	12	-	56	17	-	**85**
Depreciation charge	-	(68)	(49)	(165)	(52)	-	**(334)**
Exchange differences	-	5	-	9	4	-	**18**
At 30 June 2012	-	(579)	(124)	(1,281)	(424)	-	**(2,408)**
Carrying value at 30 June 2012	49	1,865	3,551	2,883	857	2,691	**11,896**

Prepayments for property, plant and equipment and related services as at 30 June 2012 totalled US$307 million (31 December 2011: US$310 million). The Group's capital expenditure commitments as at 30 June 2012 amounted to US$693million (31 December 2011: US$1,031 million).

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

In millions of US$	Freehold land	Buildings and mining assets	Mineral rights	Plant and equipment	Vehicles	Assets under construction	Total
Cost at 1 January 2011	54	1,870	2,669	2,960	833	1,485	9,871
Additions	-	38	-	63	43	539	683
Additions relating to acquisition of assets[1]	-	-	195	-	-	-	195
Change in asset retirement costs	-	1	-	-	-	-	1
Transfers	-	74	-	321	46	(441)	-
Transfer to assets classified as held for sale	-	-	-	-	-	(5)	(5)
Disposals	-	(1)	-	(14)	(7)	(10)	(32)
Exchange differences	1	25	135	33	9	23	226
At 30 June 2011	55	2,007	2,999	3,363	924	1,591	10,939
Accumulated depreciation at 1 January 2011	-	(434)	(28)	(934)	(329)	-	(1,725)
Disposals	-	1	-	12	7	-	20
Depreciation charge	-	(61)	(14)	(148)	(41)	-	(264)
Exchange differences	-	(6)	-	(10)	(4)	-	(20)
At 30 June 2011	-	(500)	(42)	(1,080)	(367)	-	(1,989)
Carrying value at 30 June 2011	55	1,507	2,957	2,283	557	1,591	8,950

[1] Dezita Investments Limited, previously provisionally reported in the Half Year Results for the period ended 30 June 2011 as a business combination, was determined to be an asset purchase in the Group's Annual Report and Accounts for the year ended 31 December 2011. The balance sheet for 30 June 2011 has been restated in this respect.

14. BORROWINGS

In millions of US$	Note	As at 30 June 2012	As at 31 December 2011
Non-current			
Bank borrowings		**3,233**	325
Term borrowings		**2**	2
Bonds		**-**	14
Promissory notes		**449**	-
Non-current borrowings – third party		**3,684**	341
Bank borrowings		**394**	393
Term borrowings		**500**	500
Non-current borrowings – related party	4	**894**	893
Total non-current borrowings		**4,578**	1,234
Current			
Bank borrowings		**305**	263
Term borrowings		**-**	1
Bonds		**14**	-
Current borrowings – third party		**319**	264
Bank borrowings		**7**	7
Term borrowings		**11**	14
Promissory notes		**25**	75
Current borrowings – related party	4	**43**	96
Total current borrowings		**362**	360
Total borrowings		**4,940**	1,594

In addition to draw downs and repayments on existing facilities, during the first six months of 2012 the Group entered into the following additional borrowing facilities:

Sberbank of Russia

On 1 February 2012, the Group entered into a credit facility agreement with Sberbank of Russia for US$2 billion. The facility has an applicable interest rate of LIBOR plus 6.3% and is repayable in 5 years. The facility is available as follows; 25% of the facility was available on 1 February 2012; 50% after 3 months; 75% after 6 months and 100% after 9 months. The facility is to be used for general corporate purposes. At 30 June 2012 US$1 billion was drawn down.

Revolving Credit Facility

On 16 February 2012, the Group signed the refinancing of the US$500 million revolving credit facility. The amount of the facility was reduced to US$467 million and has been arranged on a club deal basis with Credit Agricole acting as the coordinating bank. This is a two year facility and bears an interest rate of LIBOR plus 2.5%. As at 30 June 2012 there were no drawings under this facility.

14. BORROWINGS (CONTINUED)

First Quantum Minerals Limited Promissory Note

As part of the FQM transaction, announced on 2 March 2012, the total consideration included deferred consideration of US$500 million. This is in the form of a 3-year promissory note with an interest coupon of 3% which is payable annually in arrears. In accordance with IAS 39 Financial Instruments, this was measured at fair value of US$441 million.

Russian Commercial Bank (Cyprus) Limited (part of the VTB Group)

On 25 April 2012, the Group entered into a second US$1,000 million term loan facility with Russian Commercial Bank (Cyprus) Limited (part of the VTB group). The facility bears an applicable interest rate of LIBOR plus 6.25% per annum and is repayable in 2 years by bullet repayment. The facility is available for general corporate purposes. The full amount was drawn down at 30 June 2012.

15. RECONCILIATION OF NON-GAAP MEASURES

1. Underlying EBIT, EBITDA and EBITDA margin

		Six months ended 30 June	
In millions of US$ (unless stated otherwise)	Note	**2012**	2011
Profit for the period		**455**	1,182
Adjustments for:			
Finance cost		**164**	87
Income tax expense		**212**	449
Transaction costs expensed under IFRS 3 (revised)		**6**	-
Share of loss/(profit) of joint ventures and associates[1]		**9**	(5)
Finance income		**(40)**	(46)
Loss arising related to acquisition of associate		**14**	-
Underlying EBIT		**820**	1,667
Add back:			
Depreciation, amortisation and impairment		**324**	260
Underlying EBITDA[2]		**1,144**	1,927
Divide by:			
Revenue		**3,246**	4,011
Underlying EBITDA Margin[3]		**35.2%**	*48.0%*

[1] Joint ventures and associates for 2011 and 2012 include Shubarkol as an associate from February 2009 to April 2012, Camrose as a joint venture from August 2010, and Taurus as a joint venture from December 2010.

[2] Underlying EBITDA: Profit before finance income, finance cost, income tax expense, depreciation, amortisation and impairment of property, plant and equipment and intangible assets, net gains and losses on derivatives not qualifying for hedge accounting, share of profit or loss of joint ventures and associates, loss arising related to acquisition of associate and acquisition related credit/costs now expensed under IFRS 3 (revised).

[3] Underlying EBITDA margin: Underlying EBITDA as a percentage of revenue.

15. RECONCILIATION OF NON-GAAP MEASURES (CONTINUED)

2. Return on capital employed

In millions of US$ (unless stated otherwise)	Six months ended 30 June 2012	 2011
Underlying EBIT	**820**	1,667
Divide by:		
Capital employed weighted average[1]		
Borrowings	**3,267**	1,599
Equity including non-controlling interests	**11,278**	10,579
Total capital employed weighted average	**14,545**	12,178
Return on capital employed	***5.6%***	*13.7%*

[1] The capital employed used in this calculation is a two point average based on the opening and closing consolidated balance sheet for each six month period.

3. Gearing

In millions of US$ (unless stated otherwise)	Six months ended 30 June 2012	 2011
Net debt	**3,411**	2
Divide by:		
Net debt	**3,411**	2
Equity attributable to equity holders of the company	**10,977**	10,887
	14,388	10,889
Gearing	***23.7%***	*0.0%*

15. RECONCILIATION OF NON-GAAP MEASURES (CONTINUED)

4. Gross available funds, net available funds and net debt

In millions of US$	Six months ended 30 June 2012	2011
Gross available funds		
Cash and cash equivalents	**1,529**	1,565
Term deposits (included in trade and other receivables)	**22**	21
Other financial assets	**181**	350
Less:		
Investment in quoted equity shares (non-current)	**(146)**	(324)
Other restricted financial assets	**(21)**	(12)
Total gross available funds	**1,565**	1,600
Borrowings – current	**(362)**	(283)
Borrowings – non-current	**(4,578)**	(1,284)
Total net available funds	**(3,375)**	33
Net (debt)		
Cash and cash equivalents	**1,529**	1,565
Borrowings – current	**(362)**	(283)
Borrowings – non-current	**(4,578)**	(1,284)
Total net (debt)	**(3,411)**	(2)

16. EVENTS AFTER BALANCE SHEET DATE

2012 Interim Dividend

The Board has approved a 2012 interim dividend of US 6.5 cents per share, amounting to US$84 million, to be paid on 4 October 2012 to shareholders on the register at the close of business on 24 August 2012.

Frontier Licence

On 31 July 2012, the Group announced that the Government of the DRC has decided to grant the Group's subsidiary Frontier a new mining licence in respect of the Frontier mine for US$101.5 million. This licence has now been granted. The new Frontier licence will provide feed for the Frontier processing plant.

SHAREHOLDER INFORMATION

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Registered in England and Wales
Company number: 06023510

Listing
The principal trading market for Eurasian Natural Resources Corporation PLC Ordinary Shares is the London Stock Exchange ('LSE'). The shares are also listed on the Kazakhstan Stock Exchange ('KASE').

Major interests in shares
As at 14 August 2012, the Company had been advised, in accordance with the Disclosure and Transparency Rules of the UK's Listing Authority, of the following notifiable interests (whether directly or indirectly held) in its voting rights:

	Number of voting rights	%	Nature of Holding
Kazakhmys Eurasia BV	334,824,860	26.00	Indirect
Mr Patokh Chodiev [1]	154,052,625	11.97	Indirect
Mr Alijan Ibragimov [2]	113,836,250	8.83	Indirect
Mr Alexander Machkevitch	187,836,250	14.59	Indirect
The State Property and Privatisation Committee of the Ministry of Finance of the Republic of Kazakhstan	150,047,116	11.65	Direct

1 Mr Chodiev's total holdings amount to 187,836,250 shares (14.59%) and he has transferred a total of 33,783,625 shares to entities where he is the beneficial owner. The entities are managed by amongst others, certain members of Mr. Chodiev's family. A TR1 has been received in respect of the shares notified above.

2 Mr Ibragimov's total holdings amount to 187,836,250 shares (14.59%), however, some are held on a discretionary basis by a fund management vehicle owned and operated by, amongst others, Mr Ibragimov's family. A TR1 has been received in respect of the shares notified above.

Exchange rates
The following table sets out, for the periods indicated, the relevant period-end and average exchange rates of the Kazakhstani tenge ('KZT') to the US dollar ('US$'), as applied in the preparation of the Group's consolidated financial information for the relevant periods and expressed in KZT per US$.

	Rate	
	Period end	Average
Six months ended 30 June 2012	**149.42**	**148.16**
Year ended 31 December 2011	148.40	146.62
Six months ended 30 June 2011	145.83	146.01

Results timetable

Wednesday, 22 August 2012	Ex-dividend date
Friday, 24 August 2012	Interim dividend record date
Thursday, 4 October 2012	Interim dividend payment date
Thursday, 8 November 2012	November 2012 Interim Management Statement and Q3 2012 Production Report
Wednesday, 6 February 2013	Q4 2012 Production Report
Wednesday, 20 March 2013	2012 Preliminary Results Announcement
Thursday, 9 May 2013	May 2013 Interim Management Statement and Q1 2013 Production Report
Wednesday, 7 August 2013	Q2 2013 Production Report
Wednesday, 21 August 2013	2013 Half Year Results Announcement

All future dates are provisional and subject to change.

Dividends on ordinary shares

On 21 June 2012 the Company paid a final dividend for the year ended 31 December 2011 of US 11 cents per ordinary share.

The Directors of the Board have approved an interim dividend for the six months ended 30 June 2012 of US 6.5 cents per ordinary share in the Company, to be paid on 4 October 2012 to all registered shareholders on the Register of Members at the close of business on 24 August 2012.

As the Group's financial results are reported in US dollars, the interim dividend will be declared and paid in US dollars. Registered shareholders may elect to receive their dividend in pounds Sterling instead. This payment will be based on an exchange rate of US$1.5704/£1 (being the rate published in the London *Financial Times* on 14 August 2012, the business day prior to announcement of the Group's Half Year Results for the six months ended 30 June 2012).

Registered shareholders may, at any time, elect to receive their dividends in pounds sterling by submitting a currency election form to the Company's Registrars, Computershare Investor Services PLC. However, in order for a currency election to be effective for the 2012 interim dividend payment, the form must have been lodged with the Registrars by the close of business on the day immediately preceding the dividend announcement. For the dividend payable on the 4 October 2012, this means that the currency election form should have been received by the Registrars by the close of business on 14 August 2012. Any shareholders wishing to change their currency election in the future should contact the Company's Registrars in advance of the dividend announcement date.

Registered shareholders who elect to receive their dividend in pounds sterling may also complete a mandate form allowing payment directly into their sterling bank account. The mandate form is available from the Registrars. Otherwise, US dollar dividend payments shall be made by cheque.