17 August 2011

Eurasian Natural Resources Corporation PLC

Announcement of 2011 Half Year Results

Financial Highlights for H1 2011

- Strong growth against H1 2010. Recovery in our traditional markets, the continued strength of the Chinese economy and significantly higher commodity prices. Revenue up 32% to US$4,011 million.
- Total costs increased 30% to US$2,344 million, due to higher unit costs of sale, volume growth and the costs for developing the businesses in Africa and Brazil.
- Underlying EBITDA up 33%, to US$1,927 million; Underlying EBITDA margin steady at 48% (H1 2010: 47%).
- Earnings per share up 30%, to US 91 cents.
- Dividend per share of US 16 cents; a dividend payout ratio of 18%.
- Strong balance sheet: gross available funds, US$1,600 million; net debt, US$2 million.
- A substantial increase in the operating cash flow, to US$1,184 million.

Business Highlights for H1 2011

- Production remained at full capacity across the Group, with incremental growth in aluminium and the continued planned expansion of copper and cobalt.
- Iron Ore Division emerged as the largest single Underlying EBITDA contributor, at 43% of the Group's total.
- Copper and cobalt in Africa continued to develop in line with planned growth.
- The Group's relative low cost production advantage was maintained, notwithstanding industry-wide cost growth.
- Capital expenditure of US$0.7 billion: new Aktobe ferroalloys plant on track; alumina expansion to 1.7 mtpa completed; power unit 2 at EEC completed and commissioned.

Outlook for Full Year 2011

- Production and saleable volumes expected to be maintained at effective full capacity.
- Risk of near term volatility in both prices and growth trajectories for our key commodities.
- Revenue momentum expected to slow in H2 2011. Improvement in commodity markets expected in late 2011/early 2012.
- Continued strong growth in China and emerging markets expected to underpin growth in 2011-2012.
- Cost pressures remain, with unit cost of sales growth of approximately 20% in line with expectations. Continued high development costs in Africa and Brazil and the impact of increased social investment.
- 2011 capital expenditure estimated at US$2.2 billion; total project spend of US$11.0 billion.
- Approval of the Kazakhstan Iron Ore Division's capital expenditure to 'Execution' stage.

"ENRC continued its strong financial and operational performance in the first half of 2011. Building on solid foundations in Kazakhstan, we are strategically well located to benefit from China's continued economic growth. Notwithstanding the greater near term volatility that we expect in commodity markets, we are focused on enhancing productivity and controlling costs across the Group to maintain our advantageous low cost position. We are developing our assets in Africa and Brazil, which promise to deliver significant growth and value in the coming years, as well as continuing our investment in Kazakhstan. I can report that the Board corporate governance review, announced at the AGM, is well

underway. We are confident that the review will result in the right Board needed to lead the Group through its next growth phase."
Felix J Vulis, Chief Executive Officer

Summary Group Financial Information (Unaudited):

In millions of US$ (unless otherwise stated)	H1 2011	H1 2010	H1 2011 vs. H1 2010 +/-	%
Revenue	**4,011**	3,045	966	*31.7%*
Cost of sales	**(1,690)**	(1,322)	(368)	*27.8%*
Gross profit	**2,321**	1,723	598	*34.7%*
Operating profit	**1,667**	1,238	429	*34.7%*
Profit before income tax	**1,631**	1,228	403	*32.8%*
Income tax expense	**(449)**	(330)	(119)	*36.1%*
Effective tax rate %	***27.5%***	*26.9%*		
Profit for the period	**1,182**	898	284	*31.6%*
Profit attributable to equity holders of the Company	**1,166**	902	264	*29.3%*
Earnings per share - basic and diluted (US cents)	**91**	70	21	*30.0%*
Interim dividend per share (US cents)	**16.0**	12.5	3.5	*28.0%*
Total depreciation, amortisation and impairment	**(260)**	(197)	(63)	*32.0%*
Total costs[1]	**(2,344)**	(1,807)	(537)	*29.7%*
Underlying EBITDA[2]	**1,927**	1,445	482	*33.4%*
Underlying EBITDA margin %[3]	***48.0%***	*47.5%*		
Net cash generated from operations	**1,184**	929	255	*27.4%*
Capital expenditure	**697**	483	214	*44.3%*
Gross available funds[4]	**1,600**	868	732	*84.3%*
Net (debt)/cash[5]	**(2)**	70	(72)	*(102.9)%*

[1] Total costs: Cost of sales; distribution costs; general and administrative expenses; 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, net gains and losses on derivatives not qualifying for hedge accounting, share of profit or loss of joint ventures and associates and acquisition related costs now expensed under IFRS3 (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 investments in unquoted options, non-current available-for-sale financial assets and other restricted financial assets.
[5] Net (debt)/cash: 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 2011 and 30 June 2010:

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									
2011	**1,644**	**1,2**	**577**	**298**	**313**	**190**	**6**	**(313)**	**4,011**
2010	1,398	864	443	193	276	129	6	(264)	3,045
Segment operating profit/(loss)									
2011	**595**	**786**	**141**	**7**	**159**	**23**	**(44)**	-	**1,667**
2010	582	450	78	13	140	15	(40)	-	1,238
Segment operating profit margin									
2011	***36.2%***	***60.6%***	***24.4%***	***2.3%***	***50.8%***	***12.1%***	***n/a***	***-***	***41.6%***
2010	*41.6%*	*52.1%*	*17.6%*	*6.7%*	*50.7%*	*11.6%*	*n/a*	-	*40.7%*
Underlying EBITDA[2]									
2011	**655**	**835**	**188**	**66**	**188**	**37**	***(42)***	**-**	**1,927**
2010	636	493	122	32	162	26	*(26)*	-	1,445
Underlying EBITDA margin[3]									
2011	***39.8%***	***64.4%***	***32.6%***	***22.1%***	***60.1%***	***19.5%***	***n/a***	**-**	***48.0***
2010	*45.5%*	*57.1%*	*27.5%*	*16.6%*	*58.7%*	*20.2%*	*n/a*	-	*47.5*
% of Group revenue excluding inter-segmental revenues									
2011	***40.8%***	***32.3%***	***14.0%***	***7.4%***	***3.2%***	***2.1%***	***0.2%***	**-**	***100.0%***
2010	*45.8%*	*28.4%*	*14.2%*	*6.4%*	*3.3%*	*1.8%*	*0.1%*	-	*100.0%*
% of Group Underlying EBITDA									
2011	***34.0%***	***43.3%***	***9.8%***	***3.4%***	***9.8%***	***1.9%***	***(2.2)%***	**-**	***100.0%***
2010	*44.0%*	*34.1%*	*8.5%*	*2.2%*	*11.2%*	*1.8%*	*(1.8)%*	-	*100.0%*

[1] Results for 2010 have been restated to reflect the transfer of the SABOT business from the Other Non-ferrous Division to the Logistics Division effected in Q4 2010, as detailed in note 4 to the consolidated interim financial statements.
[2] Underlying EBITDA: Profit before finance income, finance cost, income tax expense, depreciation, amortisation and impairment, net gains and losses on derivatives not qualifying for hedge accounting, share of profit or loss of joint ventures and associates and acquisition related costs now expensed under IFRS3 (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 2011 and, unless otherwise stated, is compared to the corresponding period of 2010, the six months ended 30 June 2010. The Chief Executive Officer's Outlook statement includes an update for the period since 30 June 2011. 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. Statements relating to market data contained in this announcement, unless stated otherwise, are based on external sources, for example research institutes and industry bodies, including: Reuters, Factiva, Bloomberg, CRU, Datastream, Fairfax IS, Heinz H Pariser, the IMF, CISA, Metals Bulletin, Tex Report, NBS, Beijing Axis Analysis and others, and are derived from actual and/or estimated data relating to 2010 and 2011 and are prepared in H1 2011 or early H2 2011.

Eurasian Natural Resources Corporation PLC ('ENRC') will announce its 2011 Half Year Results on Wednesday, 17 August 2011. There will be a presentation to investors and analysts, commencing at 09:00 (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.

Disclosure and Transparency Rules

This 2011 Half Year Results Announcement has been prepared to meet the requirements of the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority ('FSA') to provide additional information to shareholders and should not be relied on for any other purpose or by any other party.

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CHIEF EXECUTIVE OFFICER'S STATEMENT

In H1 2011 the Group delivered a strong operating and financial performance, with the Iron Ore Division emerging as the largest single contributor of Underlying EBITDA. Production volumes were maintained at effective full capacity, with some incremental growth in the core businesses in Kazakhstan, whilst copper and cobalt in Africa continued to develop in line with our strategy. Sustained strong economic growth in China and the Group's low cost production advantage remained key to underpinning the Group's performance. However, global-economic uncertainties grew through the first half of 2011, with the result being greater market volatility in terms of commodity pricing and demand. We were pleased with our success in navigating these challenging market conditions.

The Group continued with the implementation of its growth strategy. In Kazakhstan capital expenditure focused on enhancing the existing asset base and increasing capacity. In Q2 2011 we completed the full commissioning of the new power unit 2 at Aksu, with 325 MW of capacity, and took power unit 6 offline for planned refurbishment. During H1 2011 we continued to progress the new Aktobe ferroalloys plant expansion with site works and equipment and construction orders, whilst the anode plant, due for commissioning in 2012, signed procurement and installation contracts. In July 2011 the Alumina and Aluminium Division completed its planned expansion of alumina production, which is now running at its capacity of 1.7 mtpa. In the Other Non-ferrous Division we continued with the capital investment to support the growth plan, whilst the Logistics Division took delivery of wagons, containers and platforms from its 2010 and 2011 procurement programmes.

The development potential of the Group's businesses in Africa is very significant. The exploration programme in the Democratic Republic of the Congo ('DRC') seeks to prove up the level of resources into reserves. The development of the Camrose licences is currently being reviewed as part of an upscaling of our ambitions in the DRC, beyond our current targets of 130 ktpa contained copper and 12 ktpa contained cobalt. In Mozambique we initiated a feasibility study for the coal assets that is expected to be completed in H1 2012; this also represents a significant long-term growth opportunity.

Our acquisitions in Brazil provide us with the opportunity to develop as a leading global iron ore player, with a seaborne trade operation of 45 mtpa. As previously announced, we have agreed to relocate the port facility. We are ready to commence the mine construction as soon as the necessary port approvals are granted. The Brazilian Government's development of the East-West Railway is proceeding to plan and we now expect commissioning in 2014.

As previously announced, we are committed to expanding our social investment in FY 2011, giving US$100 million to the Nazarbayev Fund in Kazakhstan to support the development of university education in the country. US$64 million of this was paid in H1 2011 through our charitable fund Komek. We see this as an important commitment and one of the ways we can contribute to the social infrastructure of the countries which host our operations.

The management team was recently strengthened by the appointment of a Chief Executive Officer for our Brazilian operations, Mr Jose Francisco Martins de Viveiros. The Group's management extends its thanks to all of its employees for their continued efforts in H1 2011 and for their ongoing loyalty and dedication.

PRODUCTION

In H1 2011 the Group's production performance reflected effective full available capacity at its principal Kazakhstani businesses throughout the period, with some incremental volumes, and the continued growth in copper and cobalt in Africa in line with stated objectives. The Group's success was built on the leveraging of its low cost production, the Group's strategic location and loyal workforce, in addition to a recovery in sales volumes, notably for ferroalloys, in traditional markets as well as into China.

- Ferroalloys: chrome ore extraction remained broadly steady at full capacity; 2,416 kt (H1 2010: 2,418 kt) in the period. Saleable production of ferrochrome - 647 kt (H1 2010: 625 kt) and of ferroalloys overall, 792 kt (H1 2010: 785 kt) - was slightly higher than in the comparable period of 2010, with notable additions of low- and medium-carbon volumes.
- Iron Ore: iron ore extraction was slightly down on H1 2010, with the production of primary concentrate broadly flat. The product mix has been enhanced with pellet volume increasing to 4,326 kt (H1 2010: 4,205 kt), or 54.0% (H1 2010: 50.0%) of the mix, although total saleable production declined to 8,006 kt (H1 2010: 8,505 kt).
- Alumina and Aluminium: bauxite volumes rose slightly and alumina volumes were flat at 813 kt. Aluminium volumes were higher at 124 kt (H1 2010: 103 kt) with the smelter operating at full capacity from May 2010.
- Other Non-ferrous: copper and cobalt ore extraction volumes were higher, however, of particular importance was the significant increase in copper and cobalt production. Copper contained production was 13,933 t (H1 2010: 9,327 t), up 49.4%; cobalt contained production was 5,471 t (H1 2010: 4,057 t), up 34.9%.
- Energy: coal extraction amounted to 10,165 kt (H1 2010: 10,119 kt) and power generation of 6,900 GWh (H1 2010: 6,766 GWh), both slightly ahead of the comparable period.

FINANCIAL PERFORMANCE

The Group delivered a strong financial performance in H1 2011, reflecting production at effective full capacity, materially higher commodity prices and the Group's low cost position. Revenue rose 32%; Underlying EBITDA was up 33%; and EPS grew 30%. A significant development in H1 2011 was the emergence of the Iron Ore Division as the largest single Underlying EBITDA contributor at 43.3% (H1 2010: 34.1%), fuelled by a strong price performance. Good growth was also achieved in the Alumina and Aluminium Division, which benefitted from much higher aluminium sales, as well as in the Energy Division from higher prices. Growth in the Ferroalloys Division was solid, with revenue growth impacted by higher costs. A more detailed discussion of the financial performance is contained in the Chief Financial Officer's review.

HEALTH & SAFETY AND COMMUNITY & SOCIAL RESPONSIBILITY

Health and safety remains a key priority for the Group. In H1 2011 we undertook a number of major initiatives to raise engagement and compliance with health and safety standards. This was in response to the challenging goals to implement a best practice safety management system and to improve the performance across the Group. We continued with the implementation of more effective incident investigation tools, with better reporting and with the rollout of our Safety Culture Project across our businesses in Kazakhstan and Russia. A special site visit was conducted to the African operations in May 2011, following which the Group developed a safety management system integration plan. Group corporate safety standards and reporting procedures are being applied to all operations in Africa.

For the Group the total number of fatalities in H1 2011 was four (H1 2010: six), with five out of eight of the principal operations in Kazakhstan and Russia, as well as the Other Non-ferrous Division in Africa, avoiding fatalities in H1 2011 and FY 2010. We will continue with our efforts to avoid such deaths, all of which are regrettable, and we express our condolences to the families involved. For the first time, the Group has included contractor fatalities in our external reporting. The table below provides a breakdown of fatalities between permanent employees and contract workers for H1 2011, as well as for half year periods in 2010.

	H1 2011	H1 2010	H2 2010	FY 2010
Fatalities (Permanent Employees)	**4**	5	2	7
Fatalities (Contract Workers)	**-**	1	-	1
Total Fatalities	**4**	6	2	8

The number of work related injuries (excluding the Other Non-ferrous Division) for H1 2011 was 26 (H1 2010: 26). The Lost Time Injury Frequency Rate ('LTIFR') (excluding the Other Non-ferrous Division) was 0.48 (H1 2010: 0.48) per one million hours worked. The LTI and LTIFR have been reported by the Other Non-ferrous Division on a comparable basis to the rest of the Group since December 2010. In H1 2011 the number of LTI was 8 and the LTIFR for the Division was 0.92. The Group remains focused on improving its delivery of health and safety, based on its aspiration of 'zero injuries'.

An independent non-financial data review has been commissioned as a first stage in the preparation for external assurance. The study will be conducted in accordance with international assurance standards. The data review programme will occur over a significant period of time and will be aligned with the roll out of our health and safety standard programme across the Group. The first stage of the work includes attention to Fatalities and Lost Time Injury data.

Also in H1 2011, the Group launched an energy efficiency programme, including a planning process to maintain energy efficiency at existing production sites and another process by which to consider energy and green-house gases ('GHG') issues in the implementation of new projects and technologies. The Group also started to develop its first report on sustainable development, in compliance with the requirements of the Global Reporting Initiative and Mining and Metal Sector Supplement, for publication in 2012.

CAPITAL EXPENDITURE

For H1 2011 capital expenditure amounted to US$697 million (H1 2010: US$483 million), a rise of 44.3%. The rate of capital expenditure is set to rise sharply in H2 2011 as a number of major equipment orders are placed, notably in the Ferroalloys, Iron Ore and Other Non-ferrous Divisions.

Project highlights of H1 2011 included:

- Ferroalloys: at the new Aktobe ferroalloys plant work continued with site works and equipment and construction orders. Significant equipment orders will be placed in H2 2011.
- Iron Ore: the Division reviewed its planned expansion projects for mining, a high grade concentrating and pelletising plant and for Hot Briquetted Iron ('HBI') capacity. The Board approved these projects for 'Execution' in August 2011.
- Alumina and Aluminium: work continued with the expansion of the alumina capacity; the increased run-rate of 1.7 mtpa was reached in mid-July 2011. The anode plant project, focused on achieving significant costs savings, advanced with the signing of procurement and installation contracts.
- Other Non-ferrous: commissioning of the first phase of the cobalt SX/EW plant along with progress on the phased expansion of the copper oxide production capacity including tank houses and associated heap leach pads.
- Energy: the new power unit 2 at Aksu was fully commissioned in H1 2011, with 325 MW of capacity, whilst power unit 6 was taken offline for refurbishment; and
- Logistics: the Division took delivery of wagons, containers and platforms from its 2010 and 2011 procurement expansion programmes.

In mid-2011 management re-evaluated its capital expenditure plans, adding additional capital expenditure of US$430 million. The increase was due to a reappraisal and 'Execution' approval of the expansion projects in the Iron Ore Division. In H1 2011 the Group completed US$697 million of capital expenditure. As a result, 'Execution', 'Planning and Design' and 'Pre-feasibility' capital expenditure now totals US$11.0 billion (previously US$11.1 billion).

For the full year 2011 capital expenditure is now expected to amount to approximately US$2.2 billion - including US$0.6 billion for sustaining capital expenditure - as we continue with the Group's key growth initiatives, in particular spend on the new Aktobe ferroalloy plant and in the Iron Ore, Other Non-ferrous and Logistics Divisions. This is a small reduction on the previous guidance (US$2.5 billion) and reflects the retiming of certain investments by the Ferroalloys Division into 2012. Capital expenditure on the BMSA Project in Brazil continues to await the approval of the port licence, following an agreement in H1 2011 to relocate the port that required a revised application to be submitted.

ACQUISITIONS

In January 2011 the Group announced the extension of a call option, originally granted in February 2009, in conjunction with the acquisition of a 25% interest in Shubarkol, one of Kazakhstan's largest thermal coal producers. The call option gives ENRC the right to acquire the outstanding 75% of the ordinary shares of Shubarkol for a consideration of some US$600 million. The call option extension, which was granted for nil consideration, extended the option expiry date to 31 January 2012. An acquisition would be subject to Board recommendation and shareholder approval.

The Group acquired 100% of the ordinary shares of Dezita Investments Limited ('Dezita') for total consideration of US$195 million. An initial payment of US$100 million was made in April 2011, and a subsequent amount of US$95 million was paid in July 2011. Dezita owns Exploitation Permit Number PE 1284 in the Democratic Republic of the Congo that is believed to contain a significant copper and cobalt resource. This copper and cobalt asset is immediately adjacent to and contiguous with the permits held by the Group's Camrose joint venture and its purchase is consistent with the Group's strategy of consolidating resources in areas proximate to existing Group operations in the region.

INDUSTRY OVERVIEW

Stainless steel production in H1 2011 is estimated at 17.6 mt (H1 2010: 16.7 mt), up 5.4%, and up 12.1% against 15.7 mt in H2 2010. 2010 itself saw a strong recovery from the prior year. H1 2011 was mixed, split between a very strong Q1, with stainless steel production at a record 8.9 mt, ahead some 8.4%, but a relatively weaker Q2 (8.7 mt). China remained the largest and fastest growing stainless steel producer with an estimated 7.0 mt in H1 2011.

The stainless steel industry ended 2010 with a phase of destocking and an excess supply of ferrochrome which resulted in a reduction in the Q1 2011 European high-carbon ferrochrome benchmark price of US 5 cents, to US$1.25 per pound. During Q1 2011 fundamentals improved, with a phase of re-stocking and general New Year confidence resulting in a recovery in stainless steel production. This was buoyed by continued high growth rates in the Chinese economy as well as an improved global economic outlook. These factors helped to tighten the ferrochrome market and the benchmark rose US 10 cents (to US$1.35) in Q2 2011. In the course of Q2 2011 economic confidence again turned down due to a number of factors: the aftermath of the Japanese earthquake and impacts on the supply chain; renewed concerns as to weakening economic growth from the fiscal tightening in China and the withdrawal of quantitative easing ('QE2') in the United States; and sovereign debt issues in Europe. Confidence was further impacted by: a declining nickel price, undermining order intake levels with stainless steel mills; continued Chinese chrome ore imports and ferrochrome production; and South African charge chrome producers maintaining their ferrochrome output. These factors resulted in a ferrochrome surplus, coinciding with reduced stainless steel production; the benchmark price reacted, falling US 15 cents, to US$1.20 for Q3 2011. The benchmark price has broadly followed the pattern set by the Chinese spot ferrochrome price, which we increasingly view as the better industry bellwether for the realised price. Prospects for low- and medium-carbon ferrochrome continued to improve in the period as demand rose in the engineering, alloy and speciality steel segments. For the ferrochrome industry, capacity utilisation in H1 2011 amounted to some 86%.

Looking forward to Q4 2011, stronger pricing depends largely on a recovery in Chinese demand and the prospects of a restocking in Japan – particularly for low- and medium-carbon ferrochrome – as the industrial production supply chain recovers from the Japanese earthquake, along with the potential benefits of production cutbacks announced by South African producers. The price outlook risks being constrained by the spare capacity of the ferrochrome industry, notably in South Africa, and the ability of China to increase its own production to meet domestic demand, as well as the threats to economic growth in Europe and the United States. Longer term, rising costs, particularly in South Africa, should support higher prices, while supply constraints, if maintained, could provide further upside.

For iron ore, through much of H1 2011, a continued steady improvement in Russian steel demand and the industry's export market enabled us to increase sales volumes to our principal customer, Magnitogorsk Iron and Steel Works ('MMK'), and to agree a Platts-based pricing formula effective until the end of 2012. Sales were still limited by the iron ore surplus that continued in Russia. In Q2 2011, there was some weakening in the Russian steel industry, with a slowdown in production and some shutdowns. In H1 2011 sales to MMK amounted to 5.5 mt (H1 2010: 5.2 mt). Sales to China, specifically steel producers in the north west region, amounted to 2.2 mt in H1 2011 (H1 2010: 2.9 mt), taking up any shortfall to Russia. Regional Chinese demand remains strong for infrastructure and automobiles. Residual sales were in Kazakhstan. The greatest opportunity for the Group to grow is the ongoing industrial growth of our traditional markets in North West China, along with the additional access that will be offered by the China Gateway rail link due to commence operation at the end of 2012.

The pricing environment for iron ore remained very strong through H1 2011, reflecting sustained Chinese demand but also supply constraint issues. Through H2 2011 and into 2012 we expect China to continue to increase steel production and to maintain its strong demand for iron ore and for restocking and construction to keep the market tight and underpin pricing in the medium-term.

OUTLOOK

We expect the progress in the Group's financial performance to continue through H2 2011, although at a slower rate than in H1. The Group's production volumes are expected to be maintained at full capacity; in ferroalloys our business is sustained by our more specialised commodities and customer base and low cost position. The market's general optimism for our main commodities earlier in the year, fuelled by short-term factors including supply constraints, supported prices in the period, but this has been tempered in recent months. This coincides with the traditional seasonal slowdown, China's efforts to control inflation and economic growth which have had an evident but controlled impact, along with heightened uncertainties around moderating global economic growth, higher inflation and financial fragility in the United States and Europe.

This more cautious short-term market outlook, notably for ferrochrome fuelled by the surplus supply that persists, is likely to extend well into H2 2011, with the likelihood of near term volatility in both prices and growth trajectories for our commodities. However, we anticipate an upturn in demand and restocking from China later in 2011 or in early 2012, with GDP growth set to remain in line with our longer term expectation of 7% to 9%. The sustainable outlook for the Group's main commodities and its principal markets of China, other emerging market countries and Russia remains positive, as these commodity intensive and urbanising economies continue to grow at a faster rate than the OECD countries.

The Group's management maintains an intense focus on cost control, an area of continued pressure both for the industry and ENRC. Overall Group unit costs are expected to rise at around 20% in 2011 in addition to some limited volume growth. We will continue to focus on productivity and efficiency improvements. Additional costs will arise on the continued development of our early stage businesses in Africa and Brazil and the additional social investment, predominantly in Kazakhstan, to which we have committed.

The Group's strategy remains focused on growing long-life, scalable and low cost production assets to deliver value to shareholders. We aim to maximise the potential of our strong balance sheet and cash flow, the scalable asset base, the low cost advantage of our asset suite and strategic locations to enhance shareholder value over the longer-term. Management's focus on proving the new assets, firming up development plans and implementing the capital expenditure programme are coming together as an enhancement of its African strategy. We will pursue the potential of further acquisitions as an important route for future growth, particularly assets complimentary to our portfolio and in line with our strategy.

BOARD CORPORATE GOVERNANCE REVIEW

The Board of ENRC had, for some time, been considering issues relating to its own efficiency and ahead of the Annual General Meeting ('AGM') in June 2011 had agreed a plan for a corporate governance review concerned with board leadership, composition, effectiveness and accountability. The corporate governance review is well underway. We are confident that the outcome of the review will be a properly constituted Board, which will encompass the interests of all stakeholders.

Felix J Vulis
Chief Executive Officer

CHIEF FINANCIAL OFFICER'S REVIEW

In H1 2011 the Group produced strong financial results. Revenue and Underlying EBITDA growth, when compared to H1 2010, were driven by higher commodity prices in all of the principal businesses and by additional sales volumes. However, growth in Underlying EBITDA continued to be affected by significant cost pressures. Management of these cost pressures remained a key focus for the Group. The Group's basic and diluted earnings per share increased to US 91 cents per share (H1 2010: US 70 cents per share).

The Group also progressed with developing growth opportunities whilst maintaining full capacity levels of production. The Group continued to diversify its sources of capital for its capital investment programme, which is underpinned by its strong operational cash generation and robust balance sheet. During H1 2011 the Group put in place an unsecured senior US$500 million corporate revolving credit facility. This has not yet been utilised, but gives the Group additional confidence in its funding headroom and liquidity position.

SUMMARY INCOME STATEMENT

	Six months ended 30 June		H1 2011 vs.
In millions of US$	2011	2010	H1 2010
Revenue	**4,011**	3,045	*31.7%*
Cost of sales	**(1,690)**	(1,322)	*27.8%*
Gross profit	**2,321**	1,723	*34.7%*
Gross margin %	***57.9%***	*56.6%*	
Distribution costs	**(251)**	(241)	*4.1%*
General and administrative expenses	**(383)**	(224)	*71.0%*
Net other operating expense	**(20)**	(20)	-
Operating profit	**1,667**	1,238	*34.7%*
Operating profit margin %	***41.6%***	*40.7%*	
Net finance costs	**(41)**	(2)	*1,950%*
Share of profit/(loss) of joint ventures and associates	**5**	(8)	*162.5%*
Profit before income tax	**1,631**	1,228	*32.8%*
Income tax expense	**(449)**	(330)	*36.1%*
Profit for the period	**1,182**	898	*31.6%*
Depreciation, amortisation and impairment	**(260)**	(197)	*32.0%*
Underlying EBITDA	**1,927**	1,445	*33.4%*
Underlying EBITDA margin %	***48.0%***	*47.5%*	
Earnings per share – basic and diluted (US cents)	**91**	70	*30.0%*

Revenue
Revenue increased 31.7% to US$4,011 million (H1 2010: US$3,045 million), reflecting higher commodity prices and improved market demand. Of this increase in revenue US$751 million (77.7%) was due to higher prices and US$197 million (20.4%) due to higher sales volumes.

These increases were driven primarily by;

- Iron ore prices which in February 2011 were at a high of around US$160 per tonne and for H1 2011 as a whole were significantly higher than the average in the comparable period of 2010; and
- Higher sales volumes, notably for high-carbon ferrochrome and iron ore pellet, compared to H1 2010.

The Ferroalloys Division accounted for 40.8% of Group revenue, the Iron Ore Division 32.3%, the Alumina and Aluminium Division 14.0%, the Other Non-ferrous Division 7.4%, the Energy Division 3.2% and the Logistics Division 2.1%.

Gross margin
The gross margin improved to 57.9% (H1 2010: 56.6%). This was due to significant increases in the realised prices achieved for our products, partially offset by increased raw materials and electricity costs, higher Mineral Extraction Tax ('MET') and higher depreciation and amortisation. Total MET for the period was US$161 million (H1 2010: US$130 million).

The Group has mitigated cost increases through a number of cost cutting initiatives, including improvements in operational efficiency through the reduction of a number of consumption rates, greater energy efficiency and labour productivity improvements.

The Group expects only a limited appreciation of the Kazakhstani tenge ('KZT') against the US dollar during the course of 2011, with only a small adverse effect on costs. Capital expenditure projects are also aimed at improving efficiency through reduction of consumption rates and employment of up-to-date high-performance technologies.

Distribution costs
The increase in distribution costs of 4.1% was primarily due to a US$7 million rise in transportation costs. This was as a result of higher sales volumes of ferroalloys and iron ore and an increase in Kazakhstani State railway tariffs.

General and administrative expenses
General and administrative expenses increased, mainly reflecting US$64 million of additional social investment in the Nazarbayev Fund (H1 2010: US$ nil), through our charitable fund Komek. In addition, staff costs increased US$29 million, exploration expenses rose US$22 million due to additional activity in our Other Non-ferrous Division and professional and other services grew US$18 million.

Net finance costs
Net finance costs increased to US$41 million (H1 2010: US$2 million), as a result of the drawdown of facilities to fund the Group's strategic development.

Share of profit/(loss) of joint ventures and associates
The net share of profits of joint ventures and associates in the period included a US$7 million profit contribution from the Group's 25% interest in Shubarkol, offset by a loss of US$1 million from the Group's interest in Camrose Resources Limited and a loss of US$1 million from Taurus Gold Limited.

Taxation
The Group's income tax expense was US$449 million (H1 2010: US$330 million), an Effective Tax Rate ('ETR') of 27.5% (H1 2010: 26.9%).

Exchange rates
In H1 2011 the average Kazakhstani tenge ('KZT') to US dollar ('US$') exchange rate was 146.01 (H1 2010: 147.26).

RESTATEMENT OF PRIOR PERIODS

The Group has made a number of restatements in accordance with IFRS in respect of measurement period adjustments relating to prior period acquisitions. These have resulted in a number of changes to the previously reported consolidated balance sheets at 30 June 2010 and 31 December 2010. There is no effect on the consolidated income statement for these periods. Further detail in respect of these restatements can be found in note 6 to these condensed consolidated interim financial statements.

In addition, the results of SABOT have been transferred from the Other Non-ferrous Division to the Logistics Division for the period ended 30 June 2010 in accordance with the disclosure the Group adopted in the Group's Annual Report and Accounts for the year ended 31 December 2010.

CASHFLOW

The following table provides a summarised cash flow statement for the six months ended 30 June 2011 and 30 June 2010:

	Six months ended 30 June	
In millions of US$	**2011**	2010
Net cash generated from operating activities	**1,184**	929
Net cash used for investing activities	**(952)**	(1,
Net cash (used for)/generated from financing activities	**(273)**	145
Net changes in cash and cash equivalents	**(41)**	(104)
Cash and cash equivalents at beginning of period	**1,595**	830
Exchange gain on cash and cash equivalents	**11**	1
Cash and cash equivalents at end of period	**1,565**	727

Net cash generated from operating activities
In H1 2011 the Group generated cash of US$1,184 million (H1 2010: US$929 million) from operating activities. Increased commodity prices and a recovery in demand were the main drivers of the rise in operating cash inflows in H1 2011 versus H1 2010. Working capital outflows were US$308 million in H1 2011 (H1 2010: US$300 million).

Net cash used for investing activities
In H1 2011 the Group utilised US$952 million for investing activities (H1 2010: US$1,178 million). Investing activities consisted primarily of: purchases of property, plant and equipment amounting to US$721 million; and an initial payment of US$100 million in respect of the acquisition of Dezita Investments Limited ('Dezita') (total consideration US$195 million). An initial payment of US$100 million was made in April 2011, and a subsequent amount of US$95 million was paid in July 2011. Dezita owns Exploitation Permit Number PE 1284 in the Democratic Republic of the Congo that is believed to contain a significant copper and cobalt resource. This copper and cobalt asset is immediately adjacent to and contiguous with the permits held by the Group's Camrose joint venture and its purchase is consistent with the Group's strategy of consolidating resources in areas proximate to existing Group operations in the region. In addition, the Group acquired a 25% stake for US$25 million in Project Mining and Development SA, an entity set up to develop potential opportunities in southern Africa. The Group advanced this associated undertaking a loan of US$50 million to enable it to further develop certain of these opportunities.

Net cash flow (used for)/generated from financing activities

There was a net outflow from financing activities as a result of dividends paid to shareholders of US$232 million and the repayment of bank borrowings.

FUNDING AND LIQUIDITY

On 18 March 2011, the Group signed an unsecured senior US$500 million revolving credit facility which has significantly enhanced the Group's financing headroom and provides liquidity to the Group's business operations. As at 30 June 2011 there were no drawings outstanding on this facility. As at 30 June 2011 there were no issues under the US$3 billion Euro Medium Term Note ('EMTN') programme.

The average maturity date on outstanding debt facilities is currently greater than five years.

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, Russia and China. 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 the Sokolov-Sarbai Mining Production Association ('SSGPO') in the Republic of Kazakhstan, as well as Bahia Mineração SA ('BMSA') (formerly Bahia Mineração Limitada ('BML') or the BML Project ('BML')), Mineração Minas Bahia SA ('MIBA') and Mineração Peixe Bravo SA ('MPB') in Brazil. SSGPO produces and sells iron ore concentrate and pellets primarily to steel producers. On the basis of full year 2010 data SSGPO is believed to be a material exporter of iron ore and in the lowest quartile of the cost curve. The Iron Ore Division's operations in Kazakhstan include iron ore mines, crushing, beneficiation and pelletising plants and a thermal power station. BMSA is focused on the development of a high-quality iron ore deposit in the Caetite region in the State of Bahia, while MIBA and MPB are 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 2010 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. The smelter allows the Alumina and Aluminium Division to process its own alumina into aluminium and Phase 2 of the smelter, with a total annual capacity of 250 kt, came online in May 2010.

Energy Division

The Energy Division is one of the largest electricity providers in the Republic of Kazakhstan, accounting for approximately 16.6% of the country's recorded electricity production in 2010 (2009: 17.2%). 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 22.6% in 2010 (2009: 23.5%). The Energy Division provides a cost-effective energy supply to the Group's principal Kazakhstani operating divisions, with internal consumption of 73.9% (2009: 60.8%) of the electricity produced in 2010, 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, 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, include interests in five copper and cobalt exploitation licences situated in the DRC. The Chambishi smelter, acquired in April 2010 and located in Zambia, processes material mined in the DRC. 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.

Logistics Division

The Logistics Division provides transportation and logistics services to the Group's principal Kazakhstani and African operating Divisions, as well as to third parties. The Division's operations include freight forwarding, wagon repair services, railway construction and repair services and trucking. 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. The Group's African logistics and trucking business, SABOT, operates in Central and Southern Africa and was purchased as part of the CAMEC acquisition.

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OPERATING AND FINANCIAL REVIEW

Ferroalloys Division

Key Facts		Six months ended 30 June 2011	2010	% Change
Third-party Sales Volumes				
High-carbon ferrochrome	‘000t	**578**	550	*5.1%*
Medium-carbon ferrochrome	‘000t	**24**	22	*9.1%*
Low-carbon ferrochrome	‘000t	**44**	40	*10.0%*
Ferrosilicochrome	‘000t	**36**	32	*12.5%*
Ferrosilicomanganese	‘000t	**87**	89	*(2.2)%*
Ferrosilicon	‘000t	**26**	23	*13.0%*
Total Ferroalloys	‘000t	**795**	756	*5.2%*
Chrome ore	‘000t	**300**	326	*(8.0)%*
Manganese concentrate	‘000t	**309**	286	*8.0%*
Iron-manganese concentrate	‘000t	**42**	32	*31.3%*
Production Volumes				
Chrome ore	‘000t	**1,884**	1,700	*10.8%*
Manganese ore concentrate	‘000t	**453**	455	*(0.4)%*
Ferroalloys total gross	‘000t	**905**	888	*1.9%*
Ferroalloys total net	‘000t	**792**	785	*0.9%*
High-carbon ferrochrome gross[1]	‘000t	**631**	616	*2.4%*
High-carbon ferrochrome net[1]	‘000t	**575**	561	*2.5%*
Prices				
Ferroalloys	US$/t	**1,836**	1,619	*13.4%*
Chrome ore	US$/t	**352**	300	*17.3%*
Manganese concentrate	US$/t	**180**	195	*(7.7)%*
Iron-manganese concentrate	US$/t	**48**	48	-
Unit Costs				
Ferroalloys	US$/t	**942**	775	*21.5%*
Chrome ore	US$/t	**55**	41	*34.1%*
Manganese concentrate	US$/t	**115**	107	*7.5%*
Iron-manganese concentrate	US$/t	**8**	19	*(57.9)%*

[1] Gross production volume; net production after the internal consumption of ferroalloys products.
[2] Unit costs: Cost of sales divided by sales volumes.

Production

In H1 2011, the Ferroalloys Division produced: 1,884 kt of saleable chrome ore (H1 2010: 1,700 kt); 453 kt of saleable manganese ore concentrate (H1 2010: 455 kt); and 792 kt of saleable ferroalloys (H1 2010: 785 kt), including 575 kt (H1 2010: 561 kt) of its primary product, saleable high-carbon ferrochrome. For the period ended 30 June 2011, the Ferroalloys Division had third party revenue of US$1,637 million (H1 2010: US$1,394 million), which represented 40.8% (2010: 45.8%) of the Group's consolidated revenue.

In late June 2011 a fire at the Aktobe ferroalloys plant temporarily affected the electricity supply; however, by early July all furnaces had resumed full operation. There was a limited loss of production, not material to the Division for the full year.

Sales and Pricing

The high-carbon ferrochrome market remained subdued at the end of Q4 2010, largely as a result of excess of inventory, mainly from South Africa. This resulted in a US 5 cent decrease in the Q1 2011 European ferrochrome benchmark price, to US$1.25 per pound of chrome. However, Q1 2011 saw a progressive improvement in the market as a result of higher demand with global stainless steel output hitting a record 8.9 million tonnes, some 8.4% higher than the same period in 2010. Production of stainless steel in Q2 2011 declined versus Q1 to 8.7 million tonnes. Cost pressures in South Africa, resulting from markedly higher input costs, also helped push through an increase of US 10 cents in the benchmark for Q2 2011, to US$1.35 per pound of chrome.

The strength in the ferrochrome market was short lived, with the sovereign debt crisis in Europe, further fiscal tightening in China, post-earthquake stock adjustments in Japan and a falling nickel price, all undermining sentiment and demand. The resultant fall in the Chinese spot price for high-carbon ferrochrome, from US$1.05 to US$0.90 per pound of chrome, set the tone for the fall in the Q3 2011 benchmark price, of US 15 cents, to US$1.20 per pound of chrome.

In H1 2011 the demand for medium- and low-carbon ferrochrome progressively increased, as the outlook in the engineering, alloy and specialty steel sectors continued to improve, with prices increasing by between US 30 to 40 cents against the start of the period. Chrome ore demand also grew, for imports to sustain higher domestic production in China. The price of chrome ore rose strongly in Q1 2011, reaching a peak in March-April, before slowing down as fiscal tightening and the need for cash forced Chinese domestic producers to liquidate their high stocks of chrome ore.

Manganese alloys saw prices decline as excess inventory weighed on buying sentiment in China, the world's largest consumer. This decline in ore prices systematically fed through to lower pricing for manganese alloys. As a result, inventory increased and Chinese and Indian producers sold down material as cash flow constraints negatively impacted their balance sheets.

Sales across all ferroalloys products reflected the effective maximum capacity of the Group's operations. In H1 2011, the geographical mix of sales saw marked declines to China and South Korea/Far East compared to the same period last year. These were offset by a marked increase in the proportion to Japan and a more modest increase in the share to Western Europe. All other regions were broadly steady.

Ferroalloys Division

Summary revenue and costs

In millions of US$	Six months ended 30 June 2011	2010	% Change
Revenue	**1,644**	1,398	*17.6%*
Third parties	**1,637**	1,394	*17.4%*
Inter-segment	**7**	4	*75.0%*
Cost of sales	**(763)**	(605)	*26.1%*
Gross profit	**881**	793	*11.1%*
Gross margin %	***53.6%***	*56.7%*	
Distribution costs	**(154)**	(134)	*14.9%*
General and administrative expenses	**(119)**	(71)	*67.6%*
Net other operating expense	**(13)**	(6)	*116.7%*
Operating profit	**595**	582	*2.2%*
Operating profit margin %	***36.2%***	*41.6%*	
Depreciation, amortisation and impairment	**(60)**	(54)	*11.1%*
Underlying EBITDA	**655**	636	*3.0%*
Underlying EBITDA margin %	***39.8%***	*45.5%*	

Results for the six months ended 30 June 2011

The Division contributed US$655 million, or 34.0%, of the Group's Underlying EBITDA in H1 2011 (H1 2010: US$636 million; 44.0%), an increase of US$19 million.

In H1 2011 the Division's performance benefitted from higher prices, but was impacted by significantly higher operating costs. A 5.2% increase in ferroalloys sales volumes was largely offset by an 8.0% decline in chrome ore sales.

Ferroalloys Division revenue increased US$246 million, or 17.6%; US$182 million was due to higher commodity prices whilst US$67 million reflected higher sales volumes. High-carbon ferrochrome sales contributed US$167 million (US$121 million due to higher prices and US$46 million due to higher sales volumes), or 67.9% of the increase in the Division's revenue.

A US$107 million increase in cost of sales was due to an increase in cash costs per unit, US$44 million from increased sales volumes, whilst depreciation and amortisation increased cost of sales by US$4 million. The unit cost of sales for ferroalloys increased 21.5% on H1 2010, mainly due to higher prices of certain input materials and electricity, as well as higher MET which reflected an increase in the chrome ore price. In total MET was US$95 million (H1 2010: US$81 million).

A US$20 million increase in distribution costs was mainly attributable to higher sales volumes and increased railway tariffs.

General and administrative expenses increased US$48 million, largely as a result of additional social investment.

Iron Ore Division

Key Facts		Six months ended 30 June 2011	2010	% Change
Third-party Sales Volumes				
Iron ore concentrate	‘000t	**3,936**	4,162	*(5.4)%*
Iron ore pellet	‘000t	**4,350**	4,133	*5.3%*
Production				
Iron ore mined	‘000t	**21,332**	21,847	*(2.4)%*
Iron ore primary concentrate produced	‘000t	**8,783**	8,836	*(0.6)%*
Prices				
Iron ore concentrate	US$/t	**136**	90	*51.1%*
Iron ore pellet	US$/t	**171**	115	*48.7%*
Unit Costs[1]				
Iron ore concentrate	US$/t	**32**	27	*18.5%*
Iron ore pellet	US$/t	**44**	37	*18.9%*

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

Production

In H1 2011, the Iron Ore Division mined 21,332 kt of iron ore (H1 2010: 21,847 kt). This was processed into 8,783 kt of primary iron ore concentrate (H1 2010: 8,836 kt), with saleable concentrate production of 3,680 kt (H1 2010: 4,300 kt), with the balance used to produce 4,326 kt (H1 2010: 4,205 kt) of pellet. For the period ended 30 June 2011, the Iron Ore Division had third party revenue of US$1,295 million (H1 2010: US$864 million), which represented 32.3% (H1 2010: 28.4%) of the Group's consolidated revenue.

Sales and Pricing

Conditions within the global steel industry continued to improve in H1 2011, with global crude steel production during the period January to June 2011 up 8% period-on-period. During H1 2011 the industry capacity utilisation rate was in excess of 82% (H1 2010: 80%), with China accounting for approximately 46% of the total volume produced. With the onset of financial austerity measures adopted by many governments in Q2 2011, the recovery in global industrial production started to slow, particularly in the construction and automotive manufacturing industries. Global demand for steel products fell from Q2 2011 onwards, resulting in weaker prices.

The Japanese earthquake in early March 2011 negatively impacted the global iron ore market, and the spot iron ore price fell by about US$20 per tonne, before gradually recovering in Q2. Any slowdown in steel production generally has the additional effect of reducing the demand for pellet relative to concentrate, as a focus on throughput is replaced by an emphasis on low cost raw materials. Steel production decreased slightly in Q2 2011 in Russia and the CIS, with monthly output below pre-crisis levels despite a better pricing environment. A marked change in the fortunes of the Russian steel industry was also evident with strong production in H1 2011.

ENRC continued to sell its iron ore products mainly to MMK and to the steel producers in North West China. The contractual prices with its main customers remain on a quarterly basis. As announced in the 2010 Preliminary Results, ENRC reached an agreement with MMK, effective from Q2 2011, to price products using the trailing quarterly pricing methodology, as adopted by many producers, based on the Platts index. In H1 2011 67% (H1 2010: 63%) of the sales volume was to MMK, whilst 27% (H1 2010: 35%) went to China, with the remaining 6% sold within Kazakhstan (H1 2011: 2%); of the 8 million tonnes of product sold 53% (H1 2010: 50%) was pellet.

Iron Ore Division

Summary revenue and costs

In millions of US$	Six months ended 30 June 2011	2010	% Change
Revenue	**1,296**	864	*50.0%*
Third parties	**1,295**	864	*49.9%*
Inter-segment	**1**	-	*n/a*
Cost of sales	**(334)**	(300)	*11.3%*
Gross profit	**962**	564	*70.6%*
Gross margin %	***74.2%***	*65.3%*	
Distribution costs	**(82)**	(81)	*1.2%*
General and administrative expenses	**(89)**	(30)	*196.7%*
Net other operating expense	**(5)**	(3)	*66.7%*
Operating profit	**786**	450	*74.7%*
Operating profit margin %	***60.6%***	*52.1%*	
Depreciation, amortisation and impairment	**(49)**	(43)	*14.0%*
Underlying EBITDA	**835**	493	*69.4%*
Underlying EBITDA margin %	***64.4%***	*57.1%*	

Results for the six months ended 30 June 2011

In H1 2011 the Iron Ore Division overtook from the Ferroalloys Division to become the largest contributor to the Group's Underlying EBITDA. The Division contributed US$835 million, or 43.3%, to the Group's Underlying EBITDA (H1 2010: US$493 million; 34.1%). The Division also had the highest Underlying EBITDA margin of the Group in H1 2011, at 64.4%, an improvement from 57.1% in H1 2010.

In H1 2011 the Iron Ore Division experienced record sales. Volumes were at the level of H1 2010 and realised prices increased 51.0% on that period. In addition, higher priced iron ore pellet represented 52.5% of the sales mix, an improvement from the comparable period (H1 2010: 49.8%).

Revenue rose US$432 million, or 50.0%. US$419 million of this was attributable to increased sales prices, US$10 million due to higher volumes and the remaining US$3 million due to other sales. Higher priced pellet contributed US$271 million of the Division's revenue growth (US$237 million due to higher prices and US$34 million due to higher sales volumes). The rise in concentrate prices increased the Division's revenue by US$181 million, offset by a US$23 million decrease due to lower sales volumes.

A US$30 million increase in cost of sales resulted from the increase in cash costs per unit; depreciation and amortisation increased cost of sales by US$5 million. The unit cost of sales for iron ore was 18.8% ahead of H1 2010, due to higher MET which resulted from increased prices, as well as higher prices of input materials and rise in wage rates. MET totalled US$58 million (H1 2010: US$43 million) and led to a US$15 million increase in cost of sales.

General and administrative expenses increased US$59 million mainly as a result of US$37 million additional social investment, US$8 million increase in staff costs and US$7 million increase in professional services.

Alumina and Aluminium Division

Key Facts		Six months ended 30 June **2011**	2010	% Change
Third-party Sales Volumes				
Alumina	‘000t	**575**	608	*(5.4)%*
Aluminium	‘000t	**127**	98	*29.6%*
Production				
Bauxite mined	‘000t	**2,689**	2,645	*1.7%*
Alumina produced	‘000t	**813**	813	*0.0%*
Aluminium produced	‘000t	**124**	103	*20.4%*
Prices				
Alumina	US$/t	**380**	328	*15.9%*
Aluminium	US$/t	**2,564**	2,180	*17.6%*
Unit Costs[1]				
Alumina	US$/t	**274**	230	*19.1%*
Aluminium	US$/t	**1,661**	1,731	*(4.0)%*

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

Production
In H1 2011, the Alumina and Aluminium Division extracted 2,689 kt of bauxite (H1 2010: 2,645 kt) and produced 813 kt of alumina (H1 2010: 813 kt) and 124 kt (H1 2010: 103 kt) of aluminium. For the period ended 30 June 2011, the Alumina and Aluminium Division had third party revenue of US$563 million (H1 2010: US$433 million), representing 14.0% (H1 2010: 14.2%) of the Group's consolidated revenue.

In mid-July 2011 the Alumina and Aluminium Division announced the completion of the expansion of its alumina refinery in Kazakhstan, Aluminium of Kazakhstan ('AOK'), reaching its targeted alumina production capacity of 1.7 mtpa.

Sales and Pricing
London Metal Exchange ('LME') aluminium prices were volatile during H1 2011, with a low of US$2,360 per tonne in early January and a peak of US$2,772 recorded in late April. Primary aluminium is used to make aluminium semi-finished products like sheet and plate, extrusions, forgings, and castings. Demand for these products in H1 2011 was strong in all key applications - transportation, packaging, building and construction - and across all geographical markets. Global output capacity remained strong, due to China maintaining its output despite reported higher energy costs and with India, together with the Middle East, adding new capacity to the market. In H1 2011, compared to the prior year period, aluminium premiums, an indicator of the metal's physical availability, rose further from already high levels in Europe and the USA. Pricing premiums in Asia remained unchanged. This was primarily driven by large volumes of aluminium being tied up in inventory under financing deals, which was unavailable for immediate consumption.

In H1 2011 the Group shipped 567 kt (1H 2010: 602 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 2011 RUSAL, the Division's largest single customer accounted for 38.3% (H1 2010: 45.6%) of the Division's sales revenue. The balance of the alumina production is consumed by the Group in its own aluminium smelter (Kazakhstan Aluminium Smelter, or 'KAS').

Alumina and Aluminium Division

Summary revenue and costs

In millions of US$	Six months ended 30 June 2011	2010	% Change
Revenue	**577**	443	*30.2%*
Third parties	**563**	433	*30.0%*
Inter-segment	**14**	10	*40.0%*
Cost of sales	**(378)**	(311)	*21.5%*
Gross profit	**199**	132	*50.8%*
Gross margin %	***34.5%***	*29.8%*	
Distribution costs	**(27)**	(25)	*8.0%*
General and administrative expenses	**(30)**	(19)	*57.9%*
Net other operating expense	**(1)**	(10)	*(90.0)%*
Operating profit	**141**	78	*80.8%*
Operating profit margin %	***24.4%***	*17.6%*	
Depreciation, amortisation and impairment	**(47)**	(44)	*6.8%*
Underlying EBITDA	**188**	122	*54.1%*
Underlying EBITDA margin %	***32.6%***	*27.5%*	

Results for the six months ended 30 June 2011

The Alumina and Aluminium Division continued to deliver good results in H1 2011. The Division had third-party revenue of US$563 million, 30.0% higher than H1 2010. The Division contributed US$188 million, or 9.8%, to the Group's Underlying EBITDA (H1 2010: US$122 million; 8.5%).

Third-party revenue rose US$130 million due to the significant increase in the LME aluminium price as well as higher sales volumes of aluminium. Higher prices increased revenue by US$80 million whilst additional aluminium sales volumes contributed US$64 million. This resulted in a reduction in alumina third-party sales volumes and consequently a US$11 million decrease in the revenue contribution. As a result of the increase in aluminium production with the smelter operating at its full capacity from May 2010, aluminium sales volumes in H1 2011 were 29.6% higher than in H1 2010.

Higher unit cash costs increased the cost of sales US$34 million, whilst depreciation and amortisation grew US$3 million. Higher sales volumes increased cost of sales US$30 million. Unit cost of sales for alumina was up 19.1%, to US$274 per tonne (H1 2010: US$230 per tonne), mainly due to the higher prices for certain input materials, whilst for aluminium it reduced by 4.0% to US$1,661 per tonne (H1 2010: US$1,731 per tonne) as a result of economies of scale.

Distribution costs grew US$2 million, or 8.0%, to US$27 million (H1 2010: US$25 million), mainly reflecting higher aluminium sales volumes and, consequently, increased transportation costs.

General and administrative expenses increased US$11 million, or 57.9%, to US$30 million (H1 2010: US$19 million), mainly due to higher staff costs, actuarial costs, professional and other services.

Other Non-ferrous Division

Key Facts		Six months ended 30 June 2011	2010	% Change
Third-party Sales Volumes				
Total saleable copper contained	'000t	**13.4**	9.8	*36.7%*
Copper as a by-product	*'000t*	***1.1***	*0.8*	*37.5%*
Total saleable cobalt contained	'000t	**4.9**	4.0	*22.5%*
Cobalt as a by-product	*'000t*	***2.5***	*3.2*	*(21.9)%*
Production[1]				
Saleable copper contained	'000t	**13.9**	9.3	*49.5%*
Saleable cobalt contained	'000t	**5.5**	4.1	*34.1%*
Prices[2]				
Saleable copper contained	US$/t	**9,072**	5,617	*61.5%*
Saleable cobalt contained	US$/t	**37,485**	38,760	*(3.3)%*
Unit Costs[3]				
Copper with cobalt by-product credit	US$/t	**3,173**	(836)	*(479.5)%*
Cobalt with copper by-product credit	US$/t	**33,067**	43,012	*(23.1)%*

[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 in order to reflect the revised methodology of unit cost.
[3] The methodology for calculation of unit costs for copper and cobalt was revised with a view to standardising reporting across the diversified range of production units of the Other Non-ferrous Division and to apply market best practice to benchmark the Group's performance versus its peers. 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
In the first six months of 2011 the operations of the Other Non-ferrous Division focused on exploration and resource delineation, as well as the progress on the expansionary capital expenditure programme. The resource statement has been updated with an increase of 916 kt of contained copper at a 0.5% copper cut-off grade for measured, indicated and inferred resources.

The design for the new 100 ktpa copper concentrator (based on a head-grade of 3.5%) at Kakanda in the DRC was finalised and the major long-lead items (crusher and mills) were ordered. Progress with the oxide copper expansion at Luita is on track. The commissioning in April 2011 of tank house 4 and associated heap leach pads created an incremental additional capacity of 4.8 ktpa of Grade A copper equivalent. Tank house 5 was successfully commissioned in Q3 2011, adding a further 6.5 ktpa of additional capacity. The Chambishi copper SX/EW installation is on track for completion in H1 2012.

A project has been initiated covering mine planning, reviewing and modelling of the resource, mining execution and grade control, as well as processing and production output. The key outcome from this project will be the optimisation of operations and extension of the resources in terms of better quality control of ore management.

Chambishi Metals (‘Chambishi’), located in Zambia was acquired in April 2010, thus the comparative H1 2010 results included only 3 months contribution from Chambishi. The acquisition of the outstanding 50% of Société Minière Kabolela et de Kipese Sprl (’SMKK’) was effective in June 2010; of Congo Cobalt Corporation Sprl (’CCC’), a DRC-based mining contractor, from July 2010; whilst the formation of the Camrose joint venture, through the acquisition of a 50.5% interest in Camrose Resources Limited, was completed in August 2010. The recent acquisition of Dezita Investments Limited (‘Dezita’) is included in this Division.

Exploration - DRC
During the period drilling was concentrated on the Kakanda North, South and East deposits, which resulted in the expansion of estimated, measured and indicated resources over the previously announced historic amounts at the end of 2010. Most recent internal estimates of measured and indicated resources for all in situ, hard rock deposits were 72 mt averaging 2.08% total copper and 0.25% total cobalt, using a 0.5% copper cut-off grade.

Drilling also focused on the Menda permit and the delineation of near surface oxide copper mineralisation. To 30 June 2011 the business had completed 70,100 metres of exploratory drilling in the DRC, against a target for the full year 2011 of 105,750 metres.

At Comide’s Mashitu and Safwe deposits, resources have now been fully delineated in preparation for a fast tracked mining start up, subject to completing feasibility work on the properties. Updated resources numbers will be estimated in Q3 2011, once assays are completed. Drilling is now focused on completing sterilisation and geotechnical holes for the ongoing feasibility studies. Drilling also commenced on Africo’s Kalukundi deposit.

Mining
A total of 1.3 million tonnes of ore was mined during the period from the Mukondo and Kabolela mines in the DRC. Average copper grades in H1 2011 were 3.17% (H1 2010: 2.19%), predominantly due to the shifting of mining activities to Kabolela from Disele. The average copper production grade is expected to decline over the course of H2 2011, to be around 2.7% for the full year (FY 2010: 2.3%). An average cobalt grade of 1.37% was achieved in H1 2011 (H1 2010: 1.25%).

Production: Copper
Copper production was 13,933 t (H1 2010: 9,327 t) during the period, 49.4% higher than for the same period in 2010. The increased production is due to higher ore grades mined and the commissioning of tank house 4 in April 2011, increasing capacity by 4.8 ktpa.

A total of 2,400 t of Grade A equivalent copper was produced at the new cobalt SX/EW plant at Boss Mining. Commissioning of the second and more complex phase continued.

In the latter part of H1 2011, Boss Mining operations were frequently disrupted due to power supply interruptions. The power interruptions had a limited impact on production as alternative on-site temporary power sources were used. The option of increasing permanent on site power generation capacity is being examined.

Production: Cobalt
A total of 5,471 t of cobalt was produced in H1 2011 (H1 2010: 4,057 t). The increase in production was due to improved ore grades from Mukondo, plus increased third-party party cobalt concentrate purchases, as well as the inclusion of Chambishi's production for the whole of H1 2011 versus only Q2 2010 in the comparable period.

Sales and Pricing: Copper
Copper prices as traded on the London Metal Exchange ('LME') peaked at a record of US$10,148 per tonne on 14 February 2011. Prices slipped 16% from the record peak to a low of US$8,505 per tonne in May, amid signs of slowing demand and monetary tightening measures in China. The average price for the first six months of the year was US$9,397 per tonne (H1 2010: US$7,130 per tonne). However, given continuing positive fundamentals, limited market surplus and strong investor demand, copper traded largely within a range of US$9,000 to US$10,000 per tonne during the period, a significantly higher level than in H1 2010.

Weakening demand in China - which accounts for 38% of global consumption - was signalled by a rising inventory, both reported and non-reported, weak manufacturing growth data and the Shanghai Futures Exchange ('SHFE') price for copper traded below the LME equivalent. This was a clear sign China did not need or was unwilling to pay record prices for imported LME-priced material.

A belief that Chinese copper stocks were low and required re-stocking, coupled with a widely forecasted supply deficit, was a key factor in the LME copper price breaking the US$10,000 per tonne price barrier shortly after the end of the Chinese New Year. However, demand was met by increasing exchange traded stocks and bonded warehouse stocks held in Chinese ports. As copper prices weakened during April, May and early June, these stocks, especially within China, reduced dramatically, and the SHFE price then approached the LME price in order to attract imports.

During H1 2011 the Group sold 13,418 t (H1 2010: 9,839 t) of copper products, primarily produced at the Luita metallurgical plant in the Democratic Republic of Congo. Among this volume was the first externally confirmed LME Grade A equivalent quality from the recently commissioned solvent-extraction ('SX') plant. All copper sales were based on the LME price, with varying discounts/premiums depending on the copper grade and terms of the sale.

Sales and Pricing: Cobalt

During H1 2011, the Metal Bulletin low-grade cobalt price fluctuated between a peak of US$18.30 per pound in early March 2011 and a low of US$15.65 per pound at the end of June, with demand declining at the beginning of summer, due to a slowdown in manufacturing, which negatively impacted pricing.

The majority of ENRC's cobalt concentrates are sold to China, with pricing of cobalt products mainly based on London Metal Bulletin quotations. China is one of the largest markets for cobalt raw materials as it produced nearly 43% in 2010 (2009: 40%) of the world's refined cobalt output while having a very limited domestic supplies.

Industry metal sales during H1 2011 reflected improved demand from Asia (non-China). Sales in China were also strong, along with a revival in demand in the US and Europe.

Exploration - Mozambique Coal

Exploration on the Group's coal licences 870L, 869L and 844L, continued on the North Shore of Cahora Bassa following the end of the wet season. The business is targeting around 47,000 metres of percussion and diamond drilling during 2011, to identify the mineable resources and assess the quality of the coal blocks. As of March 2011 the business had an in-house inferred resource estimate (non-JORC compliant) for the North Shore of 1.35 billion tonnes.

A feasibility study has been commissioned on Licence 871 – Project Estima. This licence has a JORC compliant resource of 1.03 billion tonnes. The feasibility study is targeted for completion in H1 2012.

Other Non-ferrous Division

Summary revenue and costs

In millions of US$	Six months ended 30 June 2011	2010 as restated	% Change
Revenue	**298**	193	*54.4%*
Third parties	**298**	193	*54.4%*
Inter-segment	**-**	-	*n/a*
Cost of sales	**(211)**	(134)	*57.5%*
Gross profit	**87**	59	*47.5%*
Gross margin %	***29.2%***	*30.6%*	
Distribution costs	**(22)**	(17)	*29.4%*
General and administrative expenses	**(63)**	(30)	*110.0%*
Net other operating income	**5**	1	*400.0%*
Operating profit	**7**	13	*(46.2)%*
Operating profit margin %	***2.3%***	*6.7%*	
Depreciation, amortisation and impairment	**(59)**	(19)	*210.5%*
Underlying EBITDA	**66**	32	*106.3%*
Underlying EBITDA margin %	***22.1%***	*16.6%*	

Results for the six months ended 30 June 2011
The Other Non-ferrous Division contributed US$66 million, or 3.4% (H1 2010: US$32 million; 2.2%), to the Group's Underlying EBITDA.

Higher copper and cobalt sales volumes contributed, respectively, US$23 million and US$40 million to the Division's revenue increase. The results were also impacted by the improved pricing of both copper and cobalt, contributing US$41 million and US$9 million respectively.

Cost of sales was impacted by a US$25 million expense for the amortisation of acquired mineral rights, as well as the increase in production volumes.

The unit cost of copper increased to US$3,173 per tonne from a credit of US$836 million in H1 2010. This was largely due to higher non-cash amortisation charges and lower cobalt by-product credits, partially offset by a reduction of cash costs of approximately US$1,005 per tonne.

The unit cost of cobalt metal decreased to US$33,067 per tonne from US$43,012 in H1 2010. This was mainly due to a reduction of cash costs of US$7,403 per tonne.

Cash unit costs are declining through increases in volumes and cost synergies achieved by integrating the acquired businesses, as well as improving operational efficiencies. This trend is expected to continue as production volumes increase as planned.

Distribution costs increased to US$22 million (H1 2010: US$17 million), reflecting increased sales volumes.

The Division's exploration costs, which are part of general and administrative expenses, totalled US$26 million for H1 2011 (H1 2010: US$4 million). The exploration programme focused on the Division's greenfield copper and cobalt as well as coal deposits.

Energy Division

Key Facts		Six months ended 30 June 2011	2010	% Change
Third-party Sales Volumes				
Third-party coal	'000t	**3,314**	3,524	*(6.0)%*
Third-party electrical energy	GWh	**1,351**	1,278	*5.7%*
Consumption				
Coal consumed in the production of electricty	'000t	**4,250**	4,290	*(0.9)%*
Electricity produced and consumed for own use	GWh	**525**	502	*4.6%*
Production				
Coal	'000t	**10,165**	10,119	*0.5%*
Electricity	GWh	**6,900**	6,766	*2.0%*
Prices				
Coal	US$/t	**23**	17	*35.3%*
Electricity	US$/MWh	**38**	32	*18.8%*
Unit Costs[1]				
Coal	US$/t	**5.1**	3.9	*30.8%*
Electricity	US$/MWh	**11.8**	9.9	*19.2%*

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

Production
In H1 2011 the Energy Division produced 6,900 GWh (H1 2010: 6,766 GWh), of which 80.1% (H1 2010: 81.2%) was used internally within the Group. Coal production was broadly flat at 10,165 kt (H1 2010: 10,119 kt). In addition to sales of surplus electricity, the Energy Division also sold 3,314 kt of coal to third parties (H1 2010: 3,524 kt), which represented 32.6% of total coal mined (H1 2010: 34.8%).

Sales and Pricing - Coal
Strong demand from the industrial and power sectors impacted coal output in Kazakhstan, which increased 7.6% in H1 2011. The Energy Division's total sales of coal to third parties nevertheless fell 6.0% in H1 2011, due to growth in the Group's internal consumption. In Kazakhstan, ENRC sold 1.0 million tonnes of coal to third parties (H1 2010: 1.6 million tonnes), at an average sales price of KZT1,152 (US$7.90) per tonne (H1 2010: KZT937 (US$6.36) per tonne), an increase of 22.9% in local currency terms. The 0.6 million tonne reduction in coal sales reflected the decision to divert some coal sales to higher margin Russian customers. Russian utilities increased their steam coal imports from Kazakhstan, which was prompted by a rise in electricity generation in Russia in response to the improving economy and a rise in industrial demand. The Energy Division sold 2.3 million tonnes of coal to Russia (H1 2010: 1.9 million tonnes) at an average sales price of US$29.0 per tonne (H1 2010: US$25.4 per tonne).

Sales and Pricing – Electricity
Improvements in economic conditions and industrial demand saw electricity demand continue to recover in H1 2011. Total electricity generation in Kazakhstan grew 5.5% to 43.3 billion kWh. Energy Division sales of electricity to third parties increased 5.7% in H1 2011 due to increased electricity generation. The average sales price to third parties in local currency increased 19.9% to KZT5.6 (US 3.83 cents) per kWh (H1 2010: KZT4.67 (US 3.17 cents) per kWh. This increase was in line with the State regulated tariff price cap increase set in Kazakhstan.

Energy Division

Summary revenue and costs

In millions of US$	Six months ended 30 June 2011	2010	% Change
Revenue	**313**	276	*13.4%*
Third parties	**127**	100	*27.0%*
Inter-segment	**186**	176	*5.7%*
Cost of sales	**(106)**	(88)	*20.5%*
Gross profit	**207**	188	*10.1%*
Gross margin %	***66.1%***	*68.1%*	
Distribution costs	**(38)**	(28)	*35.7%*
General and administrative expenses	**(12)**	(20)	*(40.0)%*
Net other operating income	**2**	-	*n/a*
Operating profit	**159**	140	*13.6%*
Operating profit margin %	***50.8%***	*50.7%*	
Depreciation, amortisation and impairment	**(29)**	(22)	*31.8%*
Underlying EBITDA	**188**	162	*16.0%*
Underlying EBITDA margin %	***60.1%***	*58.7%*	

Results for the six months ended 30 June 2011

The results of the Energy Division were significantly impacted by higher sales prices for both coal and electricity, which increased in line with the State regulated annual price cap increases in Kazakhstan. The Division contributed US$188 million, or 9.8%, to Group's Underlying EBITDA (H1 2010: US$162 million; 11.2%).

The Energy Division's third party revenue increased US$27 million, or 27.0%, to US$127 million (H1 2010: US$100 million). Higher sales prices and volumes increased third-party revenue US$19 million and US$9 million respectively. The Division's sales to other Group entities grew US$10 million, or 5.7%, to US$186 million (H1 2010: US$176 million).

Cost of sales increased US$18 million, or 20.5%, to US$106 million (H1 2010: US$88 million), mainly due to higher depreciation and amortisation and a rise in staff costs and materials.

Distribution costs rose US$10 million, or 35.7%, to US$38 million (H1 2010: US$28 million), due to increased transportation costs.

General and administrative expenses declined US$8 million, or 40.0%, to US$12 million (H1 2010: US$20 million), principally due to a reduction in social investment spend in the Division.

Logistics Division

Key Facts		Six months ended 30 June 2011	2010	% Change
Transportation[1]				
Total tonnage transported by rail	'000t	**31,261**	29,772	*5.0%*
Sales Volumes				
Third-party freight forwarding[2]	'000t	**3,947**	2,546	*55.0%*
Railway line repairs	km	**88**	132	*(33.3)%*
Prices				
Third-party freight forwarding[2]	US$/t	**0.7**	0.8	*(12.5)%*
Railway line repairs	'000 US$/km	**213**	186	*14.5%*
Unit Costs[3]				
Third-party freight forwarding[2]	US$/t	**1.0**	0.3	*233.3%*
Railway line repairs	'000 US$/km	**214**	174	*23.0%*

[1] Data includes all internal and third-party rail transportation.
[2] Data applies to Transsytema only, which accounts for virtually all third-party tonnage transported in Kazakhstan. Data does not include SABOT operating in Africa.
[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 31,261 kt of goods (H1 2010: 29,772 kt), of which 87.3% (H1 2010: 91.4%) was intra-Group.

Logistics Division

Summary revenue and costs

In millions of US$	Six months ended 30 June 2011	2010 as restated	% Change
Revenue	**190**	129	*47.3%*
Third parties	**85**	55	*54.5%*
Inter-segment	**105**	74	*41.9%*
Cost of sales	**(141)**	(98)	*43.9%*
Gross profit	**49**	31	*58.1%*
Gross margin %	***25.8%***	*24.0%*	
General and administrative expenses	**(25)**	(16)	*56.3%*
Net other operating expense	**(1)**	-	*n/a*
Operating profit	**23**	15	*53.3%*
Operating profit margin %	***12.1%***	*11.6%*	
Depreciation, amortisation and impairment	**(14)**	(11)	*27.3%*
Underlying EBITDA	**37**	26	*42.3%*
Underlying EBITDA margin %	***19.5%***	*20.2%*	

Results for the six months ended 30 June 2011
The results of the Logistics Division reflect higher volumes for freight forwarding and lower volumes for railway line repairs against the comparable period. The Division contributed US$37 million, or 1.9%, to the Group's Underlying EBITDA (H1 2010: US$26 million, 1.8%), of which SABOT's contribution was US$(1) million (H1 2010: US$4 million).

The Division's third-party revenue increased US$30 million, or 54.5%, to US$85 million (H1 2010: US$55 million). This was primarily due to US$31 million of additional revenue from participation as a contractor in the Republic of Kazakhstan' Government-managed China Gateway project and repairs of railway track and a US$5 million increase in third-party revenue at SABOT.

Sales to other Group Divisions increased US$31 million, or 41.9%, to US$105 million (H1 2010: US$74 million).

Cost of sales increased US$43 million, or 43.9%, to US$141 million (H1 2010: US$98 million), driven by the China Gateway project, rail repairs and increased costs at SABOT.

CAPITAL EXPENDITURE

During H1 2011 the Group's capital expenditure amounted to US$697 million (H1 2010: US$483 million), an increase of 44.3%.

Capital expenditure is designated by the Group as either 'expansionary' or 'sustaining'.

'Expansionary' capital expenditure refers to investments made to drive future growth through increasing production capacities. This may include the construction or purchase of property, plant and equipment or the upgrade or expansion of existing facilities.

'Sustaining' capital expenditure refers to investments designed to keep existing operations running at their current levels. This may include major cyclical capital repairs or the replacement of existing property, plant and equipment.

The table below shows the Group's capital expenditure in H1 2011:

Capital Expenditure

In millions of US$	Six months ended 30 June **2011**	2010
Expansionary	**504**	280
Sustaining	**193**	203
Total	**697**	483

The Group's major capital expenditure projects are detailed in the tables on the following page.

The Group classifies its projects under four categories:

1. Execution: full approval by the Board; ordering of equipment and construction in progress;
2. Planning and Design: initial approval by the Board for feasibility studies;
3. Pre-feasibility: projects at the stage of pre-feasibility study that have not been approved by the Board; or
4. Deferred: previously identified projects that have been put on hold.

Capital Expenditure Projects

In millions of US$	Current estimated cost	Division	Planned date of commissioning[1]
Execution stage			
New Aktobe Ferroalloys Plant[2]	750	Ferroalloys	2013
Mine expansion[3]	825	Iron Ore	2014-16
Concentrator expansion - 7 mtpa high grade concentrate[3]	455	Iron Ore	2014
Pelletiser - 5 mtpa[3]	555	Iron Ore	2014
HBI Plant - 1.8 mtpa[3]	675	Iron Ore	2014
Anode production plant	240	Alumina and Aluminium	2012
Expansion of copper (oxide) production[4]	280	Other Non-ferrous	2013
Oxide cobalt SX/EW plant	30	Other Non-ferrous	2011
Chambishi copper plant (LME grade A)	80	Other Non-ferrous	2012
Exploration	50	Other Non-ferrous	2011
Reconstruction of power unit 6 - 325 MW	265	Energy	2013
Purchase of open-top wagons	140	Logistics	2011
Purchase of railway containers and platform cars	90	Logistics	2011
Planning and Design stage			
Pedra de Ferro ('BMSA')	2,100	Iron Ore	2014
Expansion of copper (sulphide) production	370	Other Non-ferrous	2013
Pre-feasibility stage			
Construction of 2 x 600 MW power units	1,260	Energy	TBD
Mine expansion - 5 mtpa coal	230	Energy	TBD
Mineração Minas Bahia SA ('MIBA')	2,600	Iron Ore	TBD
Mineração Peixe Bravo SA ('MPB')	TBD	Iron Ore	TBD
Deferred projects			
Expansion of ferroalloys smelting capacity (Aksu) - 460 ktpa	540	Ferroalloys	TBD

[1] Completion of construction.
[2] Previously as Expansion/replacement of ferroalloy smelting capacity (Aktobe).
[3] Strategy for the Iron Ore Division has been updated.
[4] Previously, this project and the following one were shown as one project at US$190 million estimated cost.

Completed Projects

The expansion of alumina production has been completed. Production capacity of 1.7 mtpa alumina was achieved in July 2011. The new power unit 2 at Aksu with capacity of 325 MW was fully commissioned in June 2011.

Capital Expenditure Programme

The Group's capital expenditure programme totals US$11.0 billion. The US$0.1 billion decrease compared to our previous estimate reflects the completion of two projects amounting to US$555 million partially offset by a US$430 million increase in the estimated project costs in the Iron Ore Division. The capital expenditure programme comprised of expansionary projects which are in 'Execution', 'Planning and Design' and 'Pre-feasibility' stages, and allocated by Divisions, are as follows:

Ferroalloys

The investment programme of the Ferroalloys Division includes the construction of four new Direct Current ('DC') furnaces at the new ferroalloy plant in Aktobe with 440 ktpa capacity. The total project cost is approximately US$750 million, with completion planned for 2013. The following phases on the project have been completed:

- The feasibility study;
- Signing the supply agreements for capital equipment and machinery and engineering, procurement and construction contracts; and
- Site construction and preparation works.

Iron Ore

The Division reviewed and updated its expansionary strategy in Kazakhstan and as a result of this review, estimated costs and timing were updated. The Board has now approved the project for 'Execution'. The strategy includes the increase of ore mining volume and increase in resources, and the production of three new saleable products: high quality concentrate, high quality pellets and HBI.

Mine expansion:
- Estimated cost increased to US$825 million (previously US$720 million);
- Stripping works at Kachar and Rudny sites are in progress; and
- Design of first stage of conveyor at Kachar pit is in progress.

Concentrator expansion
- New estimated cost of US$455 million (previously US$440 million); and
- Installation in progress of steel frame and construction of ore supply shaft.

Pelletiser
- The project capacity was increased to 5 mtpa (previously 3 mtpa), with a total cost of US$555 million (previously US$270 million), reflecting market demand and the better economics of the enlarged project; and
- Completion of the tender for the feasibility report and design works for construction.

HBI plant
- New estimated cost is US$675 million (previously US$650 million); and
- Initial works are in progress, including road and railway construction, site preparation and installation of water pipes.

Regarding the BMSA Project (formerly 'the BML Project') in Brazil, construction works have been delayed due to the agreement to relocate the port to an alternative nearby site. All engineering works related to alternative site location are in progress. We are expecting to receive the provisional license for the port and the installation license during Q4 2011 and Q1 2012 respectively. The main construction activity is scheduled to begin after all required licenses are received and currently will start in Q2 2012. Production is expected to start at the end of 2014.

Alumina and Aluminium Division

For the anode plant project, contracts for the procurement and installation works were signed and infrastructure works, such as construction of auxiliary and power units as well as installation of the framing for the anode smelting case, were completed.

Other Non-ferrous Division

The expansion of copper oxide production continued with a phased approach to increase the leaching and electro-winning ('EW') installed capacity of the Luita plant in the DRC to 70 ktpa of copper. The commissioning in April 2011 of tank house 4 and associated heap leach pads created an incremental additional capacity of 4.8 ktpa of Grade A copper equivalent. Tank house 5 was successfully commissioned in August 2011, adding a further 6.5 ktpa of additional capacity. Q4 2011 will see the completion of tank house 6, adding a further annualised capacity of 8.5 ktpa. The target start-up date for phase 3 remains 2013, to coincide with the commissioning of the concentrator in the copper sulphide expansion project. The total current project cost remains at US$280 million.

The first phase of the cobalt oxide SX/EW was completed and commissioned during H1 2011 and is currently running at its copper nameplate capacity of 4.4 ktpa of Grade A copper. Commissioning of the plant continues. Cobalt metal production has been delayed due to difficulties experienced with the complex second phase of the commissioning.

For the expansion of copper sulphide production, construction commenced during H1 2011 with site clearing for the process plant, crusher, temporary accommodation camp and overhead power lines completed. Long-lead time items, including the crusher and mills for the concentrator, have been ordered. The current plan has a greater volume of oxides being treated at Luita with less sulphides than initially intended being sent to Chambishi.

The Chambishi copper SX/EW plant has been rescheduled and commissioning is expected to commence at the end of H1 2012. The plan remains for capacity to increase to 55 ktpa of Grade A copper.

Energy Division

From 1 April 2011 power unit 6 was taken offline and put under reconstruction. Washing and disassembly were executed. Turbine, generator and boiler unit were disassembled. Auxiliary equipment was disassembled completely. Procurements contracts were signed.

Logistics Division

In relation to the 2011 capital expenditure programme, 800 open-top wagons, 1,000 containers and 600 platforms were ordered, of which 38 open-top wagons, 800 containers and 215 platforms were delivered in H1 2011. Additionally, 362 open-top wagons, 209 containers and 20 platforms, related to prior year expenditures, were also delivered in H1 2011.

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 2010, on pages 53 to 57.

Since publishing the Group's Annual Report and Accounts for the year ended 31 December 2010, 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.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors confirm that this condensed consolidated interim financial information has been prepared in accordance with IAS 34 as adopted by the European Union and that the interim management report includes a fair review of the information required by Disclosure and Transparency Rules ('DTR') 4.2.7R and 4.2.8R, namely:

- An indication of important events that have occurred during the first six months of 2011 and their impact on the consolidated interim financial statements, and a description of the principal risks and uncertainties for the remaining six months of 2011; and
- Material related-party transactions in the first six months of 2011 and any material changes in the related-party transactions described in the Group's Annual Report and Accounts for the year ended 31 December 2010.

The Directors of Eurasian Natural Resources Corporation PLC ('the Company') are listed in the Group's Annual Report and Accounts for the year ended 31 December 2010 and 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
17 August 2011

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 2011 Half Year Results for the six months ended 30 June 2011, 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 2011 Half Year Results and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed consolidated interim financial information.

Directors' responsibilities
The Announcement of the 2011 Half Year Results is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the Announcement of the 2011 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 International Financial Reporting Standards as adopted by the European Union. The condensed consolidated interim financial information included in this Announcement of the 2011 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 2011 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 United Kingdom's 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 2011 Half Year Results for the six months ended 30 June 2011 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
London
17 August 2011

Notes:

(a) The maintenance and integrity of the Company's web site 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 Announcement of 2011 Half Year Results since initially presented on the web site.

(b) Legislation in the United Kingdom governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

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CONSOLIDATED INTERIM INCOME STATEMENT (UNAUDITED)

In millions of US$ (unless stated otherwise)	Note	Six months ended 30 June 2011	2010
Revenue		**4,011**	3,045
Cost of sales	7	**(1,690)**	(1,322)
Gross profit		**2,321**	1,723
Distribution costs	8	**(251)**	(241)
General and administrative expenses	9	**(383)**	(224)
Net other operating expense		**(20)**	(20)
Operating profit		**1,667**	1,238
Finance income	10	**46**	37
Finance cost	11	**(87)**	(39)
Share of profit/(loss) of joint ventures and associates		**5**	(8)
Profit before income tax		**1,631**	1,228
Income tax expense	12	**(449)**	(330)
Profit for the period		**1,182**	898
Profit/(loss) attributable to:			
Equity holders of the Company		**1,166**	902
Non-controlling interests		**16**	(4)
Earnings per share – basic and diluted (US cents)	13	**91**	70

The notes on pages 57 to 79 are integral part of the consolidated interim financial statements.

CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Unaudited)

In millions of US$	Six months ended 30 June 2011	Six months ended 30 June 2010
Profit for the period	**1,182**	898
Other comprehensive income/(expense):		
Fair value losses on available-for-sale financial assets, net of tax	**(39)**	(44)
Currency translation differences	**239**	(3)
Total comprehensive income for the period	**1,382**	851
Total comprehensive income/(expense) attributable to:		
Equity holders of the Company	**1,365**	855
Non-controlling interests	**17**	(4)
	1,382	851

The notes on pages 57 to 79 are integral part of the consolidated interim financial statements.

CONSOLIDATED INTERIM BALANCE SHEET (Unaudited)

In millions of US$	Note	As at 30 June 2011	31 December 2010 As restated	30 June 2010 As restated
Assets				
Non-current assets				
Property, plant and equipment	14	**8,950**	8,1	6,0
Goodwill and intangible assets		**1,490**	1,3	818
Investments in joint ventures and associates		**429**	393	560
Other financial assets		**336**	390	293
Loans receivable		**213**	108	177
Deferred tax assets		**12**	41	33
Other non-current assets		**354**	275	282
Total non-current assets		**11,784**	10,7	8,1
Current assets				
Assets classified as held for sale		**94**	101	64
Inventories		**1,000**	862	759
Trade and other receivables		**1,195**	968	1,1
Other financial assets		**14**	23	10
Loans receivable		**4**	8	25
Cash and cash equivalents		**1,565**	1,5	727
Total current assets		**3,872**	3,5	2,7
Total assets		**15,656**	14,2	10,9
Equity				
Share capital and share premium		**3,257**	3,2	3,2
Reserves		**7,630**	6,4	5,2
Attributable to equity holders of the Company		**10,887**	9,7	8,4
Non-controlling interests		**261**	260	253
Total equity		**11,148**	10,0	8,7
Liabilities				
Non-current liabilities				
Borrowings	15	**1,284**	1,4	459
Deferred tax liabilities		**1,274**	1,1	562
Asset retirement obligations		**96**	92	154
Employee benefit obligations		**44**	41	48
Other non-current liabilities		**28**	25	16
Total non-current liabilities		**2,726**	2,7	1,2
Current liabilities				
Liabilities classified as held for sale		**46**	46	14
Borrowings	15	**283**	226	198
Trade and other payables		**1,098**	963	464
Current income tax liability		**173**	210	151
Other taxes payable		**182**	109	121
Total current liabilities		**1,782**	1,5	948
Total liabilities		**4,508**	4,2	2,1
Total liabilities and equity		**15,656**	14,2	10,9

The notes on pages 57 to 79 are integral part of the consolidated interim financial statements.

CONSOLIDATED INTERIM CASH FLOW STATEMENT (Unaudited)

In millions of US$	Note	Sixth months ended 30 June 2011	2010
Cash flow from operating activities			
Profit before income tax		**1,631**	1,228
Adjustments for:			
Depreciation, amortisation and impairment		**260**	197
Loss on disposal of property, plant and equipment		**1**	5
Share of (profit)/loss from joint ventures and associates		**(5)**	8
Share based payments		**5**	2
Net finance cost		**43**	18
Net foreign exchange loss/(gain)		**14**	(17)
		1,949	1,441
Changes in inventories		**(129)**	(131)
Changes in trade and other receivables		**(243)**	(230)
Changes in trade and other payables		**15**	17
Changes in asset retirement obligations		**-**	23
Changes in employee benefit obligations		**3**	(8)
Changes in other taxes payable		**46**	29
Cash generated from operating activities		**1,641**	1,141
Interest paid		**(33)**	(13)
Interest received		**14**	16
Income tax paid		**(438)**	(215)
Net cash generated from operating activities		**1,184**	929
Cash flow from investing activities			
Purchase of property, plant and equipment		**(721)**	(538)
Proceeds from sales of property, plant and equipment		**11**	5
Proceeds from sale of financial assets held to maturity		**-**	50
Purchase of intangible assets		**(16)**	-
Acquisition of subsidiaries, net of cash acquired	6	**(100)**	(346)
Purchase of joint ventures and associate		**(80)**	-
Purchase of financial assets available-for-sale		**-**	(311)
Proceeds from cash deposited as guarantee		**11**	-
Loans and deposits granted to related parties		**(99)**	(31)
Loans and deposits granted		**(15)**	(36)
Proceeds from repayment of loans and deposits by related parties		**8**	9
Proceeds from repayment of loans and deposits		**45**	20
Dividends received		**4**	-
Net cash used for investing activities		**(952)**	(1,178)
Cash flow from financing activities			
Borrowings - proceeds		**16**	24
Borrowings - repayments		**(49)**	(185)
Borrowings related party - proceeds		**-**	392
Borrowings related party - repayments		**(1)**	-
Purchase of non-controlling interests		**-**	(9)
Dividends paid to equity holders of the Company		**(232)**	(77)
Dividends paid to non-controlling interests		**(7)**	-
Net cash (used for)/generated from financing activities		**(273)**	145
Net changes in cash and cash equivalents		**(41)**	(104)
Cash and cash equivalents at beginning of period		**1,595**	830
Foreign exchange gain on cash and cash equivalents		**11**	1
Cash and cash equivalents at end of period		**1,565**	727

The notes on pages 57 to 79 are integral part of the consolidated interim financial statements.

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 2010 previously reported	258	2,9	5,320	(862)	(2)	7,7	291	8,004
Restatement (note 6)	-	-	-	-	-	-	(25)	(25)
Balance as at 1 January 2010 restated	258	2,9	5,320	(862)	(2)	7,7	266	7,979
Profit/(loss) for the period	-	-	902	-		902	(4)	898
Other comprehensive expense	-	-	-	(3)	(44)	(47)	-	(47)
Total comprehensive income/(expense)	-	-	902	(3)	(44)	855	(4)	851
Dividends	-	-	(77)	-	-	(77)	-	(77)
Share-based payments	-	-	2	-	-	2	-	2
Other changes in non-controlling interests	-	-	-	-	-	-	2	2
Restatement (note 6)	-	-	-	(2)	-	(2)	(11)	(13)
Balance as at 30 June 2010 restated	258	2,9	6,147	(867)	(46)	8,4	253	8,744
Profit for the period	-	-	1,283	-	-	1,2	16	1,299
Other comprehensive income	-	-	-	100	53	153	-	153
Total comprehensive income	-	-	1,283	100	53	1,4	16	1,452
Dividends	-	-	(161)	-	-	(161)	(9)	(170)
Share-based payments	-	-	6	-	-	6	-	6
Other changes in non-controlling interests	-	-	-	-	-	-	1	1
Restatement (note 6)	-	-	-	(23)	-	(23)	(1)	(24)
Balance as at 1 January 2011 restated	258	2,9	7,275	(790)	7	9,7	260	10,009
Profit for the period	-	-	1,166	-	-	1,1	16	1,182
Other comprehensive income/(expense)	-	-	-	238	(39)	199	1	200
Total comprehensive income/(expense)	**-**	**-**	**1,166**	**238**	**(39)**	**1,3**	**17**	**1,382**
Dividends	-	-	(232)	-	-	(232)	(16)	(248)
Share-based payments	-	-	5	-	-	5	-	5
Balance as at 30 June 2011	**258**	**2,9**	**8,214**	**(552)**	**(32)**	**10,8**	**261**	**11,148**

The notes on pages 57 to 79 are integral part of the consolidated interim financial statements.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

1. 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 information as at and for the six months ended 30 June 2011 comprises the Company and its subsidiaries (the 'Group') and the Group's interests in joint ventures and associates.

The condensed consolidated interim financial information for the six months ended 30 June 2011 was approved for issue on 17 August 2011.

The condensed consolidated interim financial information for the six months ended 30 June 2011 does not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2010 were approved by the Board of Directors on 18 April 2011 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 information for the six months ended 30 June 2011 has been reviewed, not audited.

The condensed consolidated interim financial information for the six months ended 30 June 2011 has 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 2011 should be read in conjunction with the Group's Annual Report and Accounts for the year ended 31 December 2010, 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 the segment reporting as detailed in note 4 and property, plant and equipment as detailed in note 14. As detailed in note 6, the Group has also revised and/or completed the measurement period in respect of a number of acquisitions which has resulted in the restatements of the following: consolidated balance sheet as at 31 December 2010; consolidated interim balance sheet as at 30 June 2010; consolidated interim statement of changes in equity for the six months ended 30 June 2010; and consolidated statement of changes in equity for the year ended 31 December 2010.

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. ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those described in the Group's Annual Report and Accounts for the year ended 31 December 2010.

The income tax expense is recognised in each interim period based on the best estimate of the average annual income tax rate expected for the full financial year, adjusted for one-off items arising within the interim reporting 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 the dividends becomes unconditional.

The Group has adopted the following new standards, amendments to standards or interpretations, which are mandatory and relevant to the Group for the first time for the financial year beginning 1 January 2011:

- IAS 24 (amended), 'Related Party Disclosures', which is effective for annual periods beginning on or after 1 January 2011. This amendment removes the requirement for government related entities to disclose details of all transactions with the government and other government-related entities and it clarifies and simplifies the definition of a related party. The impact of this amendment is detailed in note 5.

- IAS 32 (amended), 'Financial Instruments: Presentation', which is effective for annual periods beginning on or after 1 February 2010. The amendment alters the definition of a financial liability in IAS 32 to enable entities to classify rights issues and certain options or warrants as equity instruments. The amendment is applicable if the rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. The amendment has had no effect on the financial position or performance of the Group.

- IFRIC 19, 'Extinguishing Financial Liabilities with Equity Instruments', which is effective for annual period beginning on or after 1 July 2010. This Interpretation addresses the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability. The Interpretation does not have significant impact on the Group's financial statements.

In addition, the Group has also adopted various Improvements to IFRS (issued in May 2010); amendments to IFRS 3, 'Business Combinations'; IFRS 7, 'Financial instruments: Disclosures'; IAS 1, 'Presentation of Financial Statements'; and IAS 34, 'Interim Financial Statements'. These amendments did not have any impact on the Group's financial statements.

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

3. ESTIMATES

The preparation of this condensed consolidated interim financial information for the six months ended 30 June 2011 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 2011, 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 2010.

4. 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 2010.

A transfer occurred in 2010 of the management of the SABOT logistics business, acquired with CAMEC, to the Logistics Division from the Other Non-ferrous Division. As a result of this change the segment classification of the SABOT business changed which has resulted in a restatement of the six month period ended 30 June 2010.

The acquired business, Dezita Investments Limited (note 6), has been included within the Other Non-ferrous Division.

Six months ended 30 June 2011 Segment information In millions of US$	Ferroalloys D	Iron Ore Division	Alumina and Aluminium Division	Other Non-ferrous Division	Energy Division	Logistics Division	Corporate	Intra Group Eliminations	Total
Revenue	1,6	1,2	563	298	127	85	6	-	4,011
Inter-segment revenue	7	1	14	-	186	105	-	(313)	-
Segment revenue	**1,6**	**1,2**	**577**	**298**	**313**	**190**	**6**	**(313)**	**4,011**
Segment operating profit/(loss)	**595**	**786**	**141**	**7**	**159**	**23**	**(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)**	**(59)**	**(29)**	**(14)**	**(2)**	**-**	**(260)**
Underlying EBITDA (note 16)	**655**	**835**	**188**	**66**	**188**	**37**	**(42)**	**-**	**1,927**
Capital expenditure	**129**	**199**	**99**	**100**	**99**	**54**	**17**	**-**	**697**
Segment assets	**3,0**	**4,4**	**2,126**	**2,493**	**1,0**	**412**	**1,063**	**(91)**	**14,586**
Unallocated assets									**1,070**
Total assets									**15,656**
Average number of employees	**24,8**	**18,0**	**14,360**	**6,459**	**6,7**	**4,238**	**382**	**-**	**75,050**

4. SEGMENT INFORMATION (CONTINUED)

Six months ended 30 June 2010
Segment information

In millions of US$ As restated	Ferroalloys [illegible]	Iron Ore Division	Alumina and Aluminium Division	Other Non-ferrous Division	Energy Division	Logistics Division	Corporate	Intra Group Eliminations	**Total**
Revenue	1,[illegible]	864	433	193	100	55	6	-	3,[illegible]
Inter-segment revenue	4	-	10	-	176	74	-	(264)	-
Segment revenue	1,[illegible]	864	443	193	276	129	6	(264)	3,[illegible]
Segment operating profit/(loss)	582	450	78	13	140	15	(40)	-	1,[illegible]
Finance income									37
Finance cost									(39)
Share of profit of joint venture and associates									(8)
Profit before income tax									1,228
Income tax expense									(330)
Profit for the period									898
Depreciation, amortisation and impairment	(54)	(43)	(44)	(19)	(22)	(11)	(4)	-	(197)
Underlying EBITDA (note 16)	636	493	122	32	162	26	(26)	-	1,[illegible]
Capital expenditure	96	119	120	21	100	3	24	-	483
Segment assets	2,[illegible]	1,[illegible]	1,918	1,951	833	316	487	(73)	9,[illegible]
Unallocated assets									1,[illegible]
Total assets									10,[illegible]
Average number of employees	24,[illegible]	17,[illegible]	14,200	4,004	6,650	3,[illegible]	330	-	71,[illegible]

5. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

As detailed on page 58, the Group has adopted IAS 24 (amended). This standard changes the requirements in respect of the disclosure of transactions with Government and Government related entities. Therefore, the disclosure previously included in the tables below has been replaced with the disclosure set out on page 63.

During the six months ended 30 June 2011 and 30 June 2010, 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$	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
Revenue from sale of goods	**4**	24	**-**	-	**-**	-	**-**	-	**4**	24
Revenue from the provision of services	**1**	1	**-**	-	**-**	-	**-**	-	**1**	1
Purchases of goods	**(12)**	(28)	**-**	-	**(24)**	(10)	**-**	-	**(36)**	(38)
Purchases of services	**(43)**	(41)	**-**	-	**-**	-	**(5)**	-	**(48)**	(41)
Finance income	**7**	6	**5**	2	**-**	-	**-**	-	**12**	8
Finance cost	**(4)**	(1)	**(1)**	(11)	**-**	-	**-**	-	**(5)**	(12)
Purchase of property, plant and equipment	**(23)**	(2)		-	**-**	-	**-**	-	**(23)**	(2)

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

5. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

The outstanding balances with related parties as at 30 June 2011 and 31 December 2010 are as follows:

	Founder Shareholders[1]				Joint ventures		Associates		Other		Total	
	Eurasian Bank		Other									
In millions of US$	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
Non-current assets												
Loans receivable	**-**	-	**-**	-	**144**	89	**50**	4	**3**	3	**197**	96
Other financial assets[2]	**12**	11	**-**	-	**-**	-	**-**	-	**-**	-	**12**	11
Other non-current assets[3]	**18**	15	**-**	24	**-**	-	**-**	-	**-**	-	**18**	39
Current assets												
Trade and other receivables[4]	**23**	26	**36**	18	**3**	-	**-**	-	**10**	10	**72**	54
Cash and cash equivalents	**225**	208	**-**	-	**-**	-	**-**	-	**-**	-	**225**	208
Loans receivable	**-**	-	**2**	3	**-**	-	**-**	3	**-**	-	**2**	6
Other financial assets	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Non-current liabilities												
Borrowings	**-**	-	**-**	-	**-**	-	**-**	-	**26**	73	**26**	73
Current liabilities												
Borrowings	**-**	-	**-**	5	**-**	-	**-**	-	**54**	50	**54**	55
Trade and other payables	**-**	-	**7**	10	**-**	-	**2**	-	**6**	2	**15**	12

[1] Includes all entities under the control of the Founder Shareholders.
[2] Other financial assets with Eurasian Bank JSC includes term deposits of US$12 million (2010: US$11 million) for the retirement of assets in accordance with the requirements of contracts on subsurface use.
[3] Other non-current assets with Founder shareholders of US$ nil relate to payments on account for property, plant and equipment (2010: US$24 million).
[4] Trade and other receivables with Eurasian Bank JSC include letters of credit of US$4 million (2010: US$8 million) and term deposits of US$19 million (2010: US$18 million).

5. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

Shubarkol Call Option Extension

On 31 January 2011, the Group announced the extension of a call option (the 'Call Option') originally granted in conjunction with the acquisition of a 25% interest in Shubarkol Komir JSC ('Shubarkol') in February 2009 (the 'Call Option Extension'). The Call Option gives the Group the right to acquire the outstanding 75% of the ordinary shares of Shubarkol for a consideration of some US$600 million. The Call Option Extension, which has been granted for nil consideration, extends the expiry date of the Call Option by up to 12 months, to 31 January 2012. All other significant terms of the Call Option are unchanged. Shubarkol, one of Kazakhstan's largest thermal coal producers, is majority owned by Eurasian Industrial Company JSC ('EIC'), a private company beneficially wholly owned by the Founder Shareholders of the Group.

Government related entities

The Group has adopted IAS 24 (amended), which removes the requirement for government related entities to disclose details of all transactions with the government and other government-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:

- Social investment and donations (including donations for the period ended 30 June 2011 totalling US$64 million (H1 2010: US$ nil) to the Nazarbayev Fund);
- Taxation and similar payments (including royalties and MET);
- Railroad transportation and repair services;
- Utilities and telecommunications disclosed within operating costs.

In addition in 2010, the Group entered into loan agreements with 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 is 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 is fully drawn as at 30 June 2011. The loan is secured by a corporate guarantee issued by ENRC PLC and a pledge over 51% of the shares of Kazakhstan Aluminium Smelter JSC ('KAS').

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 is fully drawn down as at 30 June 2011.

The Group did not have any privileged transactions with entities controlled by the Government of the Republic of Kazakhstan.

6. BUSINESS COMBINATIONS

Acquisition of Dezita Investments Limited

The Group has acquired 100% of the ordinary shares of Dezita Investments Limited. The consideration for the acquisition was:

- An initial payment of US$100 million which was paid in April 2011; and
- A subsequent amount of US$95 million which was paid in July 2011.

Dezita Investments Limited owns Exploitation Permit Number PE 1284 in the Democratic Republic of Congo. The Permit is immediately adjacent to and contiguous with the permits held by the Group's Camrose joint venture.

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

In millions of US$	**Provisional fair values at acquisition date**
Property, plant and equipment (mineral rights)	**195**
Total assets	**195**
Deferred tax liabilities	**(59)**
Total liabilities	**(59)**
Net assets	**136**
Goodwill	**59**
Net attributable assets	**195**
Consideration:	
Purchase consideration settled in cash	**100**
Deferred consideration	**95**
Total consideration	**195**

The goodwill arises as a consequence of the recognition of deferred tax on the acquired mineral rights. None of the recognised goodwill is expected to be deductible for income tax purposes. The acquisition made US$ nil contribution to the Group's revenue and profits.

6. BUSINESS COMBINATIONS (CONTINUED)

Prior period acquisitions – restatement of consolidated balance sheets

As detailed below various adjustments have been made in respect of measurement period adjustments to acquisitions made in prior periods. As a result the consolidated balance sheets at 30 June 2010 and 31 December 2010 have been restated. Further detail regarding the individual restatements is set out later in this note.

Restatement of consolidated interim balance sheet as at 30 June 2010

		Measurement period adjustments			
In millions of US$	As previously reported at 30 June 2010	CAMEC	Enya and Comit	SMKK	As restated at 30 June 2010
Property, plant and equipment	6,133	3	(108)	(2)	6,026
Goodwill and intangible assets	756	(35)	98	(1)	818
Loans receivable	182	20	-	-	202
Inventories	769	(2)	(10)	2	759
Other assets	3,126	-	-	-	3,126
Total assets	10,966	(14)	(20)	(1)	10,931
Share capital and share premium	3,257	-	-	-	3,257
Reserves	5,236	(2)	-	-	5,234
Attributable to equity holders of the Company	8,493	(2)	-	-	8,491
Non-controlling interests	289	(25)	(11)	-	253
Total equity	8,782	(27)	(11)	-	8,744
Deferred tax liabilities	596	(4)	(29)	(1)	562
Employee benefit obligations	48	-	-	-	48
Asset retirement obligations	152	-	(1)	3	154
Trade and other payables	461	6	1	(4)	464
Current income tax liability	132	11	7	1	151
Other non-current liabilities	3	-	13	-	16
Other liabilities	792	-	-	-	792
Total liabilities	2,184	13	(9)	(1)	2,187
Total liabilities and equity	10,966	(14)	(20)	(1)	10,931

6. BUSINESS COMBINATIONS (CONTINUED)

Restatement of consolidated balance sheet as at 31 December 2010

In millions of US$	As previously reported at 31 December 2010	Measurement period adjustments: Enya and Comit	SMKK	CCC	BMBV	MIBA and MPB	As restated at 31 December 2010
Property, plant and equipment	8,186	6	(3)	3	(23)	(23)	8,146
Goodwill and intangible assets	1,368	9	(1)	11	(8)	(8)	1,371
Loans receivable	116	-	-	-	-	-	116
Other assets	4,648	-	-	-	-	-	4,648
Total assets	14,318	15	(4)	14	(31)	(31)	14,281
Share capital and share premium	3,257	-	-	-	-	-	3,257
Reserves	6,515	-	-	-	(23)	-	6,492
Attributable to equity holders of the Company	9,772	-	-	-	(23)	-	9,749
Non-controlling interests	261	(1)	-	-	-	-	260
Total equity	10,033	(1)	-	-	(23)	-	10,009
Borrowings	1,632	-	(2)	-	-	-	1,630
Deferred tax liabilities	1,176	(3)	(1)	-	(8)	(8)	1,156
Trade and other payables	939	-	(2)	3	-	23	963
Current income tax liability	193	5	1	11	-	-	210
Other non-current liabilities	57	14	-	-	-	(46)	25
Other liabilities	288	-	-	-	-	-	288
Total liabilities	4,285	16	(4)	14	(8)	(31)	4,272
Total liabilities and equity	14,318	15	(4)	14	(31)	(31)	14,281

6. BUSINESS COMBINATIONS (CONTINUED)

Prior period acquisitions – restatements due to measurement period adjustments

Enya Holdings BV ('Enya') and Comit Resources FZE ('Comit')
On 6 April 2010, the Group acquired 100% of Enya which holds a 90% interest in Chambishi Metals Plc ('Chambishi'), a Zambian copper and cobalt producer, and also acquired 100% of Comit, a Dubai-based marketing and sales company. Full details regarding the acquisition can be found in the Group's Annual Report and Accounts for the year ended 31 December 2010.

The fair values of the identifiable assets and liabilities of Enya and Comit as at the date of acquisition were provisionally estimated and disclosed in the Group interim results announcement for the period ended 30 June 2010 and the Group's Annual Report and Accounts for the year ended 31 December 2010. The Group has now completed the measurement of these fair values. The table below sets out the adjustments to the provisional fair values previously reported and the final fair values at acquisition date.

These adjustments have been recorded as a prior period restatement of the consolidated balance sheet of the Group at 30 June 2010 and 31 December 2010. There is no impact to the consolidated income statements for the six month period ended 30 June 2010 or year ended 31 December 2010.

	Provisional fair values at date of acquisition				**Final fair values at date of acquisition**
In millions of US$	As previously reported at 30 June 2010	Fair value adjustments	As previously reported at 31 December 2010	Fair value adjustments	**As reported at 30 June 2011**
Property, plant and equipment	261	(114)	147	6	**153**
Inventories	41	(10)	31	-	**31**
Loans receivable	10	-	10	-	**10**
Trade and other receivables	5	-	5	-	**5**
Total assets	317	(124)	193	6	**199**
Deferred tax liabilities	(62)	26	(36)	3	**(33)**
Trade and other payables	(38)	(1)	(39)	-	**(39)**
Asset retirement obligations	(4)	1	(3)	-	**(3)**
Borrowings	(2)	-	(2)	-	**(2)**
Current income tax liability	-	(2)	(2)	(5)	**(7)**
Other non-current liabilities	-	1	1	(14)	**(13)**
Total liabilities	(106)	25	(81)	(16)	**(97)**
Net assets	211	(99)	112	(10)	**102**
Non-controlling interests[1]	(11)	10	(1)	1	**-**
Goodwill	96	89	185	9	**194**
Net attributable assets	296	-	296	-	**296**
Consideration:					
Purchase consideration settled in cash	300	-	300	-	**300**
Cash and cash equivalents acquired	(4)	-	(4)	-	**(4)**
Net cash outflow on acquisition	296	-	296	-	**296**

[1] Includes non-controlling interests of a subsidiary not wholly owned by Enya.

The final fair value adjustments relate primarily to the final measurement of property, plant and equipment acquired and other adjustments to current income tax liability and other non-current liabilities which were required when the Group completed its review of the acquired balance sheet.

6. BUSINESS COMBINATIONS (CONTINUED)

Prior period acquisitions – restatements due to measurement period adjustments (continued)

Bahia Minerals BV ('BMBV' or the BMSA Project)
On 21 September 2010 the Group completed the purchase of the outstanding 50% of the common shares of Bahia Minerals BV (formerly the BML Project now referred to as the BMSA project). Full details regarding the acquisition can be found in the Group's Annual Report and Accounts for the year ended 31 December 2010.

The fair values of the identifiable assets and liabilities of BMBV and subsidiaries as at the date of acquisition were provisionally estimated and disclosed in the Group's Annual Report and Accounts for the year ended 31 December 2010. The Group has now revised the measurement of these fair values and made adjustments to the liabilities at the date of acquisition with an adjustment to the value of mineral rights acquired and related deferred tax and goodwill. The table below sets out the adjustments to the provisional fair values previously reported and the revised fair values at acquisition date.

These adjustments have been recorded as a prior year restatement of the consolidated balance sheet of the Group as at 31 December 2010. There is no impact to the consolidated income statement for the year ended 31 December 2010.

In millions of US$	Provisional fair values at acquisition date as reported at 31 December 2010	Fair value adjustments	**Revised provisional fair values at acquisition date**
Property, plant and equipment	1,425	(23)	**1,402**
Other non-current financial assets	25	-	**25**
Total assets	1,450	(23)	**1,427**
Deferred tax liabilities	(453)	8	**(445)**
Trade and other payables	(103)	19	**(84)**
Total liabilities	(556)	27	**(529)**
Net assets	894	4	**898**
Goodwill	453	(8)	**445**
Net attributable assets	1,347	(4)	**1,343**
Consideration:			
Purchase consideration settled in cash (including option)	218	-	**218**
Cash and cash equivalents acquired	(50)	(4)	**(54)**
Net cash outflow on acquisition	168	(4)	**164**
Fair value of Deferred Consideration at date of acquisition	449	-	**449**
Debt due from vendor assumed	65	-	**65**
Gain related to recognition of initial 50% interest at fair value	298	-	**298**
Carrying value of initial 50% interest at date of acquisition	367	-	**367**
Total consideration	1,347	(4)	**1,343**

6. BUSINESS COMBINATIONS (CONTINUED)

Prior period acquisitions – restatements due to measurement period adjustments (continued)

Mineração Minas Bahia SA ('MIBA') and Mineração Peixe Bravo ('MPB')
On 18 October 2010 the Group announced the acquisition of 100% of Mineração Minas Bahia SA and of 51% of Mineração Peixe Bravo SA for a combined acquisition consideration of US$304 million. The acquisition consideration comprised US$250 million payable to the shareholders of MIBA and to MPB and up to US$54 million payable to Steel do Brasil Participações SA ('Steel do Brasil'). In addition the Group held a 3-year option to purchase the remaining 49% of MPB from its shareholders for a further US$50 million. Of the US$304 million a total of US$60 million (including all amounts paid to Steel do Brasil) was expensed as acquisition-related costs in the Group's Annual Report and Accounts for the year ended 31 December 2010 as it did not form part of the acquisition consideration under IFRS. Full details regarding the acquisition can be found in the Group's Annual Report and Accounts for the year ended 31 December 2010.

At 31 December 2010 amounts totalling US$144 million (undiscounted) remained payable to the vendors and the option for US$50 million was not exercised. As a result of further review of the assets acquired, the Group has agreed with the vendors of MIBA and MPB that the consideration would be revised including in respect of the option for the remaining 49% of MPB. On 3 August 2011 the Group paid US$120 million in full and final settlement of all outstanding amounts to acquire 100% of the interests in MIBA and MPB. This payment represents a reduction in the total potential consideration of US$74 million (including the original option of US$50 million for the remaining interest in MPB).

The impact of this change in the consideration has been recorded as a prior year restatement of the consolidated balance sheet of the Group as at 31 December 2010. There is no impact to the consolidated income statement for the year ended 31 December 2010.

The table below sets out the adjustments to the provisional fair values previously reported and the revised fair values at acquisition date:

In millions of US$	Provisional fair values at acquisition date as previously reported at 31 December 2010	Fair value adjustments	**Revised provisional fair values at acquisition date**
Property, plant and equipment	242	(23)	**219**
Deferred tax liabilities	(82)	8	**(74)**
Net assets	160	(15)	**145**
Non-controlling interests	-	-	**-**
Goodwill	82	(8)	**74**
Net attributable assets	242	(23)	**219**
Consideration:			
Purchase consideration settled in cash	100	-	**100**
Net cash outflow on acquisition	100	-	**100**
Fair value of Deferred Consideration at date of acquisition (discounted)	142	(23)	**119**
Total consideration	242	(23)	**219**

6. BUSINESS COMBINATIONS (CONTINUED)

Prior period acquisitions – restatements due to measurement period adjustments (continued)

Société Minière de Kabolela et Kipese Sprl (‘SMKK’)
SMKK is the title holder of some exploration permit assets contiguous to the Group’s existing operations in the DRC. Full details regarding the acquisition can be found in the Group’s Annual Report and Accounts for the year ended 31 December 2010.

The Group has finalised its review of the assets and liabilities acquired in respect of SMKK and made adjustments to certain liabilities acquired with consequential adjustments to mineral rights, goodwill and deferred tax. These adjustments have been recorded as a prior period restatement of the consolidated balance sheet of the Group at 30 June 2010 and 31 December 2010. There is no impact to the consolidated income statement for the six months ended 30 June 2010 or the year ended 31 December 2010.

Congo Cobalt Corporation Sprl (‘CCC’)
With effect from 1 July 2010 the Group acquired CCC, a legal entity registered in the DRC that provides mining contracting services to Boss Mining Sprl (originally part of the CAMEC group of companies) and SMKK. Following the fair value finalisation of the entity’s assets and liabilities, goodwill of US$11 million has been recognised in respect of this acquisition arising from adjustments to trade and other payables, current income tax liability and property, plant and equipment.

Central African Mining & Exploration Company PLC (‘CAMEC’)
The Group completed the measurement of the fair values of the identifiable assets and liabilities of CAMEC (renamed ‘ENRC Africa Holdings Limited’, otherwise ‘ENRC Africa’) during the year ended 31 December 2010 and published the results in the Group’s Annual Report and Accounts for the year ended 31 December 2010. These adjustments have been recorded as a prior period restatement of the consolidated interim balance sheet of the Group at 30 June 2010. There is no impact to the consolidated interim income statement for the six months ended 30 June 2010.

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.

7. COST OF SALES

In millions of US$	Six months ended 30 June **2011**	2010
Materials and components used	**(725)**	(548)
Staff costs	**(281)**	(270)
Depreciation, amortisation and impairment	**(251)**	(189)
Mineral extraction tax, royalties and other taxes	**(211)**	(166)
Power and energy	**(97)**	(80)
Changes in inventories of finished goods and work-in-progress	**45**	85
Other	**(170)**	(154)
Total cost of sales	**(1,690)**	(1,322)

8. DISTRIBUTION COSTS

In millions of US$	Six months ended 30 June **2011**	2010
Transportation costs	**(199)**	(192)
Other	**(52)**	(49)
Total distribution costs	**(251)**	(241)

9. GENERAL AND ADMINISTRATIVE EXPENSES

In millions of US$	Six months ended 30 June **2011**	2010
Staff costs	**(11**	(84)
Social investment and donations	**(9**	(28)
Professional and other services	**(4**	(25)
Exploration costs[1]	**(2**	(4)
Depreciation, amortisation and impairment	**(**	(8)
Other	**(10**	(75)
Total general and administrative expenses	**(38**	(224)

[1] As a result of a significant increase in the Group's exploration costs, separate disclosure has been made. The prior period has been reanalysed accordingly.

10. FINANCE INCOME

In millions of US$	Six months ended 30 June 2011	2010
Foreign exchange gains	**19**	18
Interest income	**17**	19
Other	**10**	-
Total finance income	**46**	37

11. FINANCE COST

In millions of US$	Six months ended 30 June 2011	2010
Interest expense on borrowings	**(46)**	(16)
Foreign exchange losses	**(14)**	(9)
Fair value loss on origination of loans granted	**-**	(11)
Other	**(27)**	(3)
Total finance cost	**(87)**	(39)

12. INCOME TAXES

Income tax expense comprises the following:

In millions of US$	Six months ended 30 June 2011	2010
Current tax		
Corporate income tax – current period	(329)	(262)
Corporate income tax – prior periods	(34)	5
Withholding taxes	(45)	(26)
Total current tax	**(408)**	**(283)**
Deferred tax		
Deferred income tax – current period	(39)	(45)
Deferred income tax – prior periods	(2)	(2)
Total deferred tax	**(41)**	**(47)**
Income tax expense for the period	**(449)**	**(330)**

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 2011.

The Effective Tax Rate ('ETR') for the period of 27.5% (2010: 26.9%) was higher than the applicable Corporate Income Tax ('CIT') rate of 20% in Kazakhstan mainly due to withholding taxes ('WHT') on repatriation of dividends and Excess Profits Tax ('EPT') in Kazakhstan. The applicable rate of 20% refers to the CIT rate in Kazakhstan, where the majority of the Group's operations are located.

13. EARNINGS PER SHARE

In millions of US$ (unless stated otherwise)	Six months ended 30 June 2011	2010
Profit for the period attributable to equity holders of the Company	**1,166**	902
Number of shares:		
Weighted average number of ordinary shares in issue for basic earnings per share	**1,2**	1,287,750,000
Adjusted for:		
Potential share based awards under Long-term Incentive Plan	**-**	2,395,845
Weighted average number of ordinary shares for diluted earnings per share	**1,2**	1,290,145,845
Basic and diluted earnings per share (US cents)	**91**	70

14. PROPERTY, PLANT AND EQUIPMENT

In millions of US$	Freehold land	Buildings and mining assets	Plant and equipment	Vehicles	Assets under construction	Total
Cost at 1 January 2010 previously reported	44	2,581	2,385	713		6,8
Restatement (note 6)	-	28	(10)	(8)		10
Cost at 1 January 2010 restated	44	2,609	2,375	705		6,8
Additions	-	24	20	46	3	483
Additions on business acquisitions restated (note 6)	-	161	130	1		306
Change in asset retirement costs	-	5	-	-		11
Transfers	-	61	92	30	(1	-
Transfer to assets classified as held for sale	-	(15)	(49)	(8)		(72)
Disposals	-	(9)	(6)	(4)		(22)
Exchange differences restated	-	(22)	12	4		-
At 30 June 2010 restated	44	2,814	2,574	774		7,5
Additions	-	19	94	29	5	692
Additions on business acquisitions restated (note 6)	9	1,541	24	4		1,6
Change in asset retirement costs	-	(19)	(6)	-		(29)
Transfers	-	153	291	44	(4	-
Transfer to assets classified as held for sale	-	-	-	-		(6)
Disposals	-	(12)	(21)	(18)		(60)
Exchange differences restated	1	43	4	-		54
At 1 January 2011 restated	54	4,539	2,960	833		9,8
Additions	-	38	63	43	5	683
Additions on business acquisitions (note 6)	-	195	-	-		195
Change in asset retirement costs	-	1	-	-		1
Transfers	-	74	321	46	(4	-
Transfer to assets classified as held for sale	-	-	-	-		(5)
Disposals	-	(1)	(14)	(7)	(	(32)
Exchange differences	1	160	33	9		226
At 30 June 2011	**55**	**5,006**	**3,363**	**924**		**10,9**

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

In millions of US$	Freehold land	Buildings and mining assets	Plant and equipment	Vehicles	Assets under construction	Total
Accumulated depreciation at 1 January 2010	-	(367)	(737)	(275)	-	(1,3
Disposals	-	2	7	3	-	12
Depreciation charge	-	(51)	(117)	(40)	-	(208)
Transfer to assets classified as held for sale	-	9	29	5	-	43
Exchange differences	-	(3)	(3)	(1)	-	(7)
At 30 June 2010	-	(410)	(821)	(308)	-	(1,5
Disposals	-	3	14	14	-	31
Depreciation charge	-	(56)	(125)	(35)	-	(216)
Transfer to assets classified as held for sale	-	-	-	-	-	-
Exchange differences	-	1	(2)	-	-	(1)
At 1 January 2011	-	(462)	(934)	(329)	-	(1,7
Disposals	-	1	12	7	-	20
Depreciation charge	-	(75)	(148)	(41)	-	(264)
Transfer to assets classified as held for sale	-	-	-	-	-	-
Exchange differences	-	(6)	(10)	(4)	-	(20)
At 30 June 2011	**-**	**(542)**	**(1,080)**	**(367)**	**-**	**(1,9**

Carrying value at 1 January 2010[1]	44	2,242	1,638	430	1,1	5,4
Carrying value at 30 June 2010 restated	44	2,404	1,753	466	1,3	6,0
Carrying value at 1 January 2011 restated	54	4,077	2,026	504	1,4	8,1
Carrying value at 30 June 2011	**55**	**4,464**	**2,283**	**557**	**1,5**	**8,9**

[1] Transmission facilities, with a net book value of US$218 million, have been reclassified from 'plant and equipment' to 'buildings and mining assets' to reflect their technical specifications more appropriately. There has been no change in useful economic lives of the reclassified assets.

Prepayments for property, plant and equipment and related services as at 30 June 2011 totalled US$316 million (31 December 2010: US$237 million). The Group's capital expenditure commitments as at 30 June 2011 amounted to US$372 million (31 December 2010: US$312 million).

15. BORROWINGS

In millions of US$	Note	As at 30 June 2011	As at 31 December 2010 As restated
Non-current			
Bank borrowings		**350**	432
Term borrowings		**1**	1
Bonds		**14**	14
Non-current borrowings – third party		**365**	447
Bank borrowings		**393**	384
Term borrowings		**502**	500
Promissory notes		**24**	73
Non-current borrowings – related party	5	**919**	957
Total non-current borrowings		**1,284**	1,404
Current			
Bank borrowings		**211**	152
Term borrowings		**1**	3
Current borrowings – third party		**212**	155
Bank borrowings		**7**	16
Term borrowings		**14**	5
Promissory notes		**50**	50
Current borrowings – related party	5	**71**	71
Total current borrowings		**283**	226
Total borrowings		**1,567**	1,630

During 2011 the Group entered into the following borrowing facilities:

Export Credit Facility (‘ECA’)
On 7 February 2011, the Group entered into an ECA Facility agreement for the amount of €185 million. The agreement has an 11 year draw-down facility and bears an interest rate of six-month EURIBOR plus 1.2% per annum. Euler Hermes Kreditversicherungs AG has provided credit insurance to support the facility. The facility will be used to finance some of the Group’s planned capital expenditure.

Revolving Credit Facility
On 18 March 2011, the Group entered into a US$500 million revolving credit facility with a group of international banks. The facility has an applicable interest rate of LIBOR plus 2.25% per annum. There was no drawdown of this facility during the period.

16. RECONCILIATION OF NON-GAAP MEASURES

1. Underlying EBIT, EBITDA and EBITDA margin

In millions of US$ (unless stated otherwise)	Six months ended 30 June **2011**	 2010
Profit for the period	**1,[illegible]**	898
Adjustments for:		
Finance cost	**87**	39
Income tax expense	**449**	330
Acquisition related costs expensed under IFRS 3 (revised)	**-**	10
Share of (profit)/loss of joint ventures and associates[1]	**(5)**	8
Finance income	**(46)**	(37)
Underlying EBIT	**1,[illegible]**	1,248
Add back:		
Depreciation, amortisation and impairment	**260**	197
Underlying EBITDA[2]	**1,[illegible]**	1,445
Divide by:		
Revenue	**4,[illegible]**	3,045
Underlying EBITDA Margin[3]	***48[illegible]***	*47.5%*

[1] Joint ventures and associates for 2010 and 2011 include: BML (joint venture) from May 2009 to September 2010; Shubarkol (associate) from February 2009; Earth Centre Investments (Pty) (associate) from November 2009; SMKK (associate) from November 2009 until June 2010; Camrose (joint venture) from August 2010; Taurus (joint venture) from December 2010; and Project Mining and Development SA from May 2011.

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

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

2. Return on capital employed

In millions of US$ (unless stated otherwise)	Six months ended 30 June **2011**	 2010 As restated
Underlying EBIT	**1,667**	1,248
Divide by:		
Capital employed weighted average[1]		
Borrowings	**1,599**	543
Equity including non-controlling interests	**10,579**	8,362
Total capital employed weighted average	**12,178**	8,905
Return on capital employed	***13.7%***	*14.0%*

[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 **2011**	 2010 As restated
Net debt/(cash)	**2**	(70)
Divide by:		
Net debt/(cash)	**2**	(70)
Equity attributable to equity holders of the company	**10,887**	8,491
	10,889	8,421
Gearing	***0.0%***	*(0.8)%*

16. RECONCILIATION OF NON-GAAP MEASURES (CONTINUED)

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

In millions of US$	Six months ended 30 June 2011	2010
Gross available funds		
Cash and cash equivalents	**1,565**	727
Term deposits (included in trade and other receivables)	**21**	128
Other financial assets	**350**	303
Less:		
Investment in quoted equity shares (non-current)	**(324)**	(273)
Other restricted financial assets	**(12)**	(17)
Total gross available funds	**1,600**	868
Borrowings – current	**(283)**	(198)
Borrowings – non-current	**(1,284)**	(459)
Total net available funds	**33**	211

In millions of US$	Six months ended 30 June 2011	2010
Net (debt)/cash		
Cash and cash equivalents	**1,565**	727
Borrowings – current	**(283)**	(198)
Borrowings – non-current	**(1,284)**	(459)
Total net (debt)/cash	**(2)**	70

17. CONTINGENCIES

Pending litigation

The Highwind Group, subsidiaries of ENRC's Camrose joint venture, are co-defendants in an action filed on 13 September 2010 in the Eastern Caribbean Supreme Court of the British Virgin Islands by Congo Mineral Developments Limited ('CMD'), a subsidiary of First Quantum Minerals Limited ('FQM'), in relation to the Highwind Group's interest in the tailings exploitation licence (PER 652) covering the Kolwezi Tailings Site. The claim was served on the Highwind Group on 3 December 2010. The total amount claimed by Congo Mineral Developments Limited is an estimated US$2 billion. The Highwind Group has applied for summary judgment and/or strike out of the claim. The process of the application for summary judgment and/or strike out, including any appeals, could take over 2 years to complete. We consider that the application for summary judgment and/or strike out has good prospects of success. However, should the Highwind Group ultimately be unsuccessful in obtaining summary judgment or having the claim struck out, the Highwind Group intends to defend its position vigorously.

Taxation

At the end of 2009, the Kazakhstan tax authorities issued a transfer pricing assessment of US$126 million on SSGPO in respect of the year ended 31 December 2004. The Group's management have appealed against the assessment, with no provision against additional tax considered to be necessary. The Kazakhstan tax authorities are currently considering the Group's appeal against the assessment. As at 30 June 2011, the position remained unchanged.

18. EVENTS AFTER THE BALANCE SHEET DATE

2011 Interim Dividend

The Board has approved a 2011 interim dividend of US 16 cents per share amounting to US$206 million, which will be paid on 6 October 2011 to shareholders on the register at the close of business on 26 August 2011.

SHAREHOLDER INFORMATION

Registered Offices

Eurasian Natural Resources Corporation Plc
16 St James's Street
London SW1A 1ER
United Kingdom

Telephone: +44 (0) 20 7389 1440
Fax: +44 (0) 20 7389 1441
Website: www.enrc.com

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 16 August 2011, the Company had been advised, in accordance with the Disclosure and Transparency Rules of the UK's FSA, of the following notifiable interests (whether directly or indirectly held) in its voting rights:

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

[1] Mr Chodiev's total holdings amount to 187,836,250 shares (14.59%), however 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 2011	**145.83**	**146.01**
Year ended 31 December 2010	147.50	147.36
Six months ended 30 June 2010	147.55	147.26

Results timetable

Wednesday, 24 August 2011	Ex-dividend date
Friday, 26 August 2011	Interim dividend record date
Thursday, 6 October 2011	Interim dividend payment date
Thursday, 10 November 2011	November 2011 Interim Management Statement and Q3 2011 Production Report
Wednesday, 1 February 2012	Q4 2011 Production Report
Wednesday, 21 March 2012	2011 Preliminary Results Announcement
Thursday, 10 May 2012	May 2012 Interim Management Statement and Q1 2012 Production Report
Wednesday, 1 August 2012	Q2 2012 Production Report
Wednesday, 15 August 2012	2012 Half year Results Announcement

All future dates are provisional and subject to change.

Dividends on ordinary shares

On 15 June 2011 the Company paid a final dividend for the year ended 31 December 2010 of US 18 cents per ordinary share.

The Directors of the Board have approved an interim dividend for the six months ended 30 June 2011 of US 16 cents per ordinary share in the Company, to be paid on Thursday, 6 October 2011, to all registered shareholders on the Register of Members at the close of business on Friday, 26 August 2011.

As the Group's financial results are reported in US dollars, the 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$1.6404/£1 (being the rate published in the London *Financial Times* on 16 August 2011, the business day prior to announcement of the Group's Interim Results for the six months ended 30 June 2011).

Shareholders may change their currency election forms at any time by submitting a currency election form to the Company's Registrars, Computershare Investor Services Plc. However, in order to elect for the 2011 interim dividend payment, the form must have been lodged with the Registrars by the close of business on the day preceding the dividend announcement. Therefore, for the dividend payable on the 6 October 2011, the currency election form should have been received by the Registrars by the close of business on Tuesday, 16 August 2011. Any shareholders wishing to change their currency election in the future should contact the Company's Registrar in advance of the dividend announcement date.