



18 February 2010

Eurasian Natural Resources Corporation PLC

Acquisition of Chambishi Metals and Comit Resources

London - Eurasian Natural Resources Corporation PLC ('ENRC' or the 'Group') today announces that it has entered into a conditional agreement ('the Transaction') to acquire 100% of Enya Holdings BV ('Enya') which holds a 90% interest in Chambishi Metals PLC ('Chambishi'), a Zambian copper and cobalt producer, together with a 100% interest in Comit Resources FZE ('Comit'), a Dubai-based marketing and sales company that historically has handled Chambishi's copper and cobalt sales. The aggregate consideration for the Transaction amounts to US\$300 million, which will be wholly funded from ENRC's existing cash resources. The Transaction remains subject to the satisfaction or waiver of certain conditions precedent and is expected to be completed no later than the end of June 2010.

The acquisition constitutes a 'smaller related party transaction' for the purposes of the Listing Rules of the United Kingdom Listing Authority ('UKLA').

Chambishi is a mineral processing facility which produces copper and cobalt. It is the intention of the management of ENRC to combine Chambishi with the Group's existing operations in the Democratic Republic of the Congo ('DRC'). ENRC currently plans to invest approximately US\$80 million into Chambishi by the end of 2011, in new and upgraded production facilities. The investment should increase Chambishi's copper production capacity to 55 kt per annum of London Metal Exchange ('LME') Grade A copper cathode.

The integrated copper and cobalt mining and smelting businesses of Chambishi and those in the DRC, when combined, should have an improved cost position over time. The acquisition also enables ENRC to fast-track its copper and cobalt expansion and to achieve a higher planned level of combined total capacity, of 130 kt per annum of LME Grade A copper cathode and 12 kt per annum of cobalt contained metal salts and concentrates by 2012.

Chambishi's current facilities comprise a roast leach electro-winning plant - for the processing of oxide concentrate, sulphide concentrate or intermediate metal salts - and an electric arc furnace and a pressure oxidation leach plant for furnace slag treatment. Chambishi also owns a slag dump of approximately 16.6 million tonnes, with an average grade of 1.10% copper and 0.71% cobalt.

Current copper production capacity at Chambishi is 25 kt per annum of blister grade copper. Chambishi is also a substantial producer of cobalt, one of the largest in the world, with a current capacity to produce 6 kt per annum of refined cobalt metal. The cobalt metal produced at Chambishi is high-grade and has strong brand recognition in the industry.

Comit acts as a marketing and sales company for all of the copper and cobalt production of Chambishi.



The independent Board and the management of ENRC believe that the Transaction, agreed on an arm's length basis, has a compelling strategic rationale and will create value for all shareholders.

Strategic Rationale for the Transaction

The strategic advantages for the Group offered by the acquisition of Chambishi and Comit are:

- The Transaction will enable ENRC to fast-track its copper and cobalt expansion. The acquisition of Chambishi provides the Group with a producing, expandable facility to process sulphide concentrate – which will be supplied in increasing quantity as our activities in the DRC mature. To build such a facility would take at least three years and involve an investment in excess of the current purchase price for Chambishi and Comit;
- The Transaction increases ENRC's exposure to copper and cobalt, metals with attractive longer-term fundamentals, following the Group's recent acquisition of the Central African Mining & Exploration Company ('CAMEC'), which went unconditional on 9 November 2009;
- The integrated businesses of Chambishi and those in the DRC, when combined, should have an improved cost position;
- Comit provides access to established markets and customers for refined copper and cobalt, and possesses in-depth knowledge of markets for the products of Chambishi; and
- ENRC will retain Chambishi's strong operational management team with its established regional knowledge and on the ground experience.

Commenting on the acquisition Felix J Vulis, Chief Executive Officer of ENRC, said, *"The Chambishi acquisition is in-line with our stated strategy, whilst significantly enhancing the growth potential of ENRC's recently acquired copper and cobalt business. Chambishi also furthers the geographic and product diversification strategy of the Group. We are pleased with the potential that this offers for all our shareholders."*

Commenting on the acquisition, Mehmet Dalman, Independent Non-Executive Director of ENRC and Chairman of the Board Mergers & Acquisitions Committee, said, *"The Board believes that the management's ongoing strategy to diversify and expand the growth options of the Group, by both geography and assets, offers the best potential for all shareholders of ENRC. The acquisition of Chambishi accelerates the Group's expansion in copper and cobalt and at a lower cost than would be required for new investment. The opportunity to work with the Founder Shareholders and profit from their extensive exposure to metals and mining in Eurasia, Africa and elsewhere, provides an additional advantage to the Group as it looks to build its development potential."*



Key Terms of the Acquisition

The Group has entered into a conditional agreement to acquire a 100% interest in each of Enya and Comit and, as a result of the acquisition of Enya, will acquire a 90% stake in Chambishi. ZCCM Investments Holdings PLC ('ZCCM') owns the remaining 10% interest in Chambishi and The Minister of Finance and National Planning of Zambia (the 'Minister') holds one 'special' share in Chambishi. These minority shareholdings will remain in place following completion of the acquisition.

The aggregate consideration for the Transaction, payable in cash, is US\$300 million. On the signing of the conditional sale and purchase agreement, the Group paid a deposit of 20% of the total consideration (US\$60 million), which is refundable in the event that the Transaction is terminated or lapses. The balance of the consideration (US\$240 million) is payable on completion of the acquisition of Enya.

Conditions Precedent

The acquisition of Enya - and, therefore, Chambishi - is conditional upon (*inter alia*) certain Zambian regulatory approvals being obtained. The acquisition of Comit will be completed after the acquisition of Enya and is also conditional upon the approval of the Jebel Ali Free Zone in Dubai.

Related Party Transaction

Each of Enya and Comit are wholly-owned subsidiaries of International Mineral Resources BV ('IMR'), and Chambishi is therefore indirectly owned as to 90% by IMR. IMR is controlled and beneficially owned by the three Founder Shareholders of ENRC, who each own approximately 14.6% of ENRC's issued share capital. The acquisition constitutes a 'smaller related party transaction' for the purposes of the UKLA Listing Rules.

Credit Suisse Securities (Europe) Limited is advising ENRC in connection with the transaction and has confirmed to the UK Financial Services Authority ('FSA') that the transaction terms are fair and reasonable as far as the shareholders of ENRC are concerned. Lazard & Co., Limited is acting as financial adviser to the independent directors of ENRC for the purposes of providing them with a related party opinion in connection with the acquisition.

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References to 'kt' are to thousand metric tonnes.

About ENRC

ENRC is a leading diversified natural resources group, performing integrated mining, processing, energy, logistics and marketing operations. The operations of the Group comprise: the mining and processing of chrome, manganese and iron ore; the smelting of ferroalloys; the production of iron ore pellets; the mining and processing of bauxite for the extraction of alumina and the production of aluminium; coal extraction and electricity generation; the transportation and sales of the Group's products and, with the acquisition of CAMEC, the production of copper and cobalt. ENRC's production assets are largely located in the Republic of Kazakhstan; CAMEC is located in Africa. In 2008, the Group accounted for approximately 5 per cent. of Kazakhstan's GDP. The Group currently sells the majority of its products to Russia, China, Japan, Western Europe and the United States. The Group's entities, in the first-half of 2009, employed approximately 64,160 (H1 2008: 67,450) people, including about 3,000 added in H1 2008 with the acquisition of Serov and a further 600 with Tuoli in H2 2008. For the half-year ended 30 June 2009, the Group had revenue of US\$1,695 million (2008: US\$3,442 million) and profit attributable to equity shareholders of the Group of US\$553 million (2008: US\$1,343 million). ENRC has, with the acquisition of CAMEC, six key divisions: Ferroalloys, Iron Ore, Alumina and Aluminium, Energy, Logistics and Other Non-ferrous. ENRC is a UK company with its registered office in London. ENRC's shares are quoted on the London Stock Exchange and the Kazakhstan Stock Exchange. For further information please see the Group's website, www.enrc.com.

About Chambishi, Comit and Enya

Chambishi is a smelting asset, incorporated under the laws of Zambia where it also has its registered office. The Chambishi metallurgical complex is an integrated mineral processing facility, able to produce low grade copper cathode and high grade cobalt cathode from a range of input materials. The combined facility comprises two main sections: the roast leach electro-winning plant to process oxide concentrate, sulphide concentrate or intermediate metal salts, and an electric arc furnace and pressure oxidation leach plant designed to treat furnace slag.

Chambishi is a substantial participant in the copper industry and is one of the largest refined cobalt producers in the world, possessing approximately 10% of the world's refined cobalt production capacity. In January 2009 the company suspended operations, with the plant put under care and maintenance, because of a significant reduction in commodity prices and because of the sale of the Luanshya mine, which had previously provided feed. Operations recommenced in November 2009.

Comit was incorporated in April 2008 for the sole purpose of marketing the cobalt and copper produced by Chambishi. The marketing company, based in Dubai, utilises a distribution network, as well as direct sales, to effectively service various markets in a number of geographical regions. Chambishi copper and cobalt are sold 'at the gate' by Chambishi to Comit, which is then responsible for the sale and transportation of the products.

Enya was incorporated in January 2002 and acts as a holding company for Chambishi. In addition to owning 90% of Chambishi, Enya also holds approximately US\$103 million of debt that is owed to it by Chambishi.



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.

Credit Suisse Securities (Europe) Limited statement

Credit Suisse Securities (Europe) Limited ('Credit Suisse'), which is authorised and regulated in the United Kingdom by the UK Financial Services Authority ('FSA'), is acting as financial adviser to ENRC and is acting for no-one else in connection with the acquisition, and will not be responsible to any person other than ENRC for providing the protections afforded to clients of Credit Suisse nor for providing advice in relation to the acquisition, the content of this announcement or any matter referred to herein. Neither Credit Suisse nor any of its subsidiaries, branches or affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Credit Suisse in connection with this announcement, any statement contained herein or otherwise.

Lazard & Co., Limited ('Lazard') statement

Lazard, which is authorised and regulated in the United Kingdom by the UK Financial Services Authority ('FSA'), is acting exclusively for the independent directors of ENRC and is acting for no-one else in connection with the provision of the related party opinion referred to in this announcement, and will not be responsible to any other person for providing the protections afforded to clients of Lazard nor for providing advice in relation to the acquisition or its related party opinion. Neither Lazard nor any of its subsidiaries, branches or affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Lazard in connection with this announcement, any statement contained herein or otherwise.