18 August 2010

Eurasian Natural Resources Corporation PLC

Announcement of 2010 Half Year Results

Financial Highlights for H1 2010

- Strong financial performance in the period; built on a recovery in our traditional markets and the continued strength of the Chinese economy.
- Revenue up 80% to US$3,045 million, due to the addition of the Other Non-ferrous Division, higher commodity prices and improved sales volumes. Like-for-like revenue increased 67%.
- Cost of sales increased 45% to US$1,322 million, including the Other Non-ferrous Division, higher sales volumes and rising costs. Like-for-like cost of sales rose 27%.
- Underlying EBITDA up 129%, to US$1,435 million; underlying EBITDA margin to 47%
- Earnings per share up 63%, to US 70 cents.
- Interim dividend US 12.5 cents per share; payout ratio increased to 18%.
- Strong balance sheet: gross available funds US$868 million; borrowings US$657 million.

Business Highlights for H1 2010

- Strong operational performance; production levels for our main commodities in Kazakhstan were at or above the levels of H1 2008, a period of high demand; operating at effectively full capacity.
- Progress with cost control initiatives, with longer-term benefits to come.
- Completion of Phase 2 of the aluminium smelter, on budget and ahead of schedule.
- Reinstated iron ore capital expansion projects to 'In Progress'.
- Building our commodity and geographical diversification through the acquisitions of:
  - Chambishi, a Zambian copper and cobalt producer;
  - A stake in Northam Platinum, a major platinum producer in South Africa; and
  - The remainder of SMKK, the holder of DRC copper and cobalt mining licenses.

Outlook for Full Year 2010

- Current level of demand in our main commodities markets sustainable – but risk of short term volatility.
- Confidence in sustained strong growth in Chinese demand to enable us to maintain full production capacity across our traditional businesses. Copper and cobalt production of about 20 kt and 7 kt respectively for full year 2010.
- In H2 2010, pressure on realised prices for our commodities to continue;
- Costs remain a challenge; costs set to grow in H2 2010; expect to retain our advantaged low cost position.
- Capital expenditure projects 'in progress' and 'under review' total US$5.9 billion; 2010 capital expenditure expected to be US$1.5 billion

"We have delivered a strong operating and financial performance in the first half of the year, driven by a recovery in our traditional markets and the continued strength of the Chinese economy. We have progressed with our commodity led strategy of organic growth and acquisition diversification, with the development and integration of our copper and cobalt assets in Africa. These assets are helping us to create value on the continent. We remain positive about the longer term prospects for ENRC, but there is a risk of commodity market volatility in the near term and the management of costs remains a challenge."

Felix J Vulis, Chief Executive Officer

Eurasian Natural Resources Corporation PLC

Announcement of 2010 Half Year Results (Unaudited)

Summary Group Financial Information (Unaudited):

In millions of US$	**H1 2010**	H1 2009	H1 2010 vs. H1 2009 +/-	H1 2010 vs. H1 2009 %
Revenue	**3,045**	1,695	1,350	*79.6%*
Cost of sales	**(1,322)**	(910)	(412)	*45.3%*
Gross profit	**1,723**	785	938	*119.5%*
Operating profit	**1,238**	702	536	*76.4%*
Operating profit margin %	***40.7%***	*41.4%*		
Profit before income tax	**1,228**	751	477	*63.5%*
Profit before income tax margin %	***40.3%***	*44.3%*		
Income tax expense	**(330)**	(189)	(141)	*74.6%*
Effective tax rate %	***26.9%***	*25.2%*		
Profit for the period	**898**	562	336	*59.8%*
Profit margin %	***29.5%***	*33.2%*		
Profit attributable to equity holders of the Company	**902**	553	349	*63.1%*
Earnings per share - basic and diluted (US cents)	**70**	43	27	*62.8%*
Interim dividend per share (US cents)	**12.5**	6.0	6.5	*108.3%*
Total depreciation, amortisation and impairment	**(197)**	(136)	(61)	*44.9%*
Total costs [(1)]	**(1,807)**	(993)	(814)	*82.0%*
Underlying EBIT [(2)]	**1,238**	492	746	*151.6%*
Underlying EBIT margin %	***40.7%***	*29.0%*		
Underlying EBITDA [(3)]	**1,435**	628	807	*128.5%*
Underlying EBITDA margin %	***47.1%***	*37.1%*		
Net cash generated from operations	**929**	503	426	*84.7%*
Capital expenditure	**483**	559	(76)	*(13.6%)*
Gross available funds[(4)]	**868**	1,952	(1,084)	*(55.5%)*
Net cash[(5)]	**70**	1,065	(995)	*(93.4%)*

[1] Total costs: cost of sales; distribution costs; selling, general and administrative expenses; and other operating expense offset by other operating income.
[2] Underlying EBIT: profit before finance income, finance cost, income tax expense, net gains and losses on derivatives not qualifying for hedge accounting, share of profit or loss of joint venture and associates and in the impact of the devaluation of the Kazakhstani tenge in 2009.
[3] 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 venture and associates and the impact of the devaluation of the Kazakhstani tenge in 2009.
[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 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 2010 and 30 June 2009:

In millions of US$ (unless stated otherwise)	Ferroalloys	Iron ore	Alumina and Aluminium	Other Non-ferrous	Energy	Logistics	Corporate	Intra Group Eliminations	Total
Segment revenue									
1H 2010	**1,398**	**864**	**443**	**218**	**276**	**86**	**6**	**(246)**	**3,045**
1H 2009	862	469	251	n/a	179	64	-	(130)	1,695
Segment operating profit/(loss)									
1H 2010	**582**	**450**	**78**	**14**	**140**	**14**	**(40)**	-	**1,238**
1H 2009	436	220	(22)	n/a	81	10	(23)	-	702
Segment operating profit margin									
1H 2010	***41.6%***	***52.1%***	***17.6%***	***6.4%***	***50.7%***	***16.3%***	***n/a[3]***	**-**	***40.7%***
1H 2009	*50.6%*	*46.9%*	*(8.8%)*	n/a	*45.3%*	*15.6%*	-	-	*41.4%*
Underlying EBITDA[1]									
1H 2010	**636**	**493**	**122**	**36**	**162**	**22**	**(36)**	**-**	**1,435**
1H 2009	311	212	17	n/a	92	19	(23)	-	628
Underlying EBITDA margin[2]									
1H 2010	***45.5%***	***57.1%***	***27.5%***	***16.5%***	***58.7%***	***25.6%***	***n/a[3]***	**-**	***47.1%***
1H 2009	*36.1%*	*45.2%*	*6.8%*	n/a	*51.4%*	*29.7%*	-	-	*37.1%*
% of Group revenue excluding inter-segmental revenues									
1H 2010	***45.8%***	***28.4%***	***14.2%***	***7.2%***	***3.3%***	***1.0%***	***0.1%***	**-**	***100.0%***
1H 2009	*50.8%*	*27.7%*	*14.7%*	n/a	*5.8%*	*1.0%*	-	-	*100.0%*
% of Group underlying EBITDA									
1H 2010	***44.3%***	***34.4%***	***8.5%***	***2.5%***	***11.3%***	***1.5%***	***(2.5%)***	**-**	***100.0%***
1H 2009	*49.5%*	*33.8%*	*2.7%*	*n/a*	*14.6%*	*3.0%*	*(3.6%)*	-	*100.0%*

[1] 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 venture and associates and the impact of the devaluation of the Kazakhstani tenge in 2009.
[2] Underlying EBITDA margin: Underlying EBITDA as a percentage of revenue.
[3] Not calculated.

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The information set out in the 2010 Half Year Results Announcement relates to the six months ended 30 June 2010 and, unless otherwise stated, is compared to the corresponding period of 2009, the six months ended 30 June 2009. The Chief Executive Officer's Outlook statement includes an update for the period since 30 June 2010. All references in the 2010 Half Year Results Announcement to 't' are to metric tonnes, to 'kt' to thousand metric tonnes and 'mt' to million metric tonnes, unless otherwise stated. Production capacity utilisation/cutbacks are referenced to the estimated theoretical production capacities of the relevant businesses. Unless stated otherwise, statements relating to market data contained in this announcement are based on external sources, for example research institutes and industry bodies, including: Bloomberg, CRU, Datastream, Fairfax IS, Heinz H Pariser, International Copper Study Group, Macquarie Research, Metals Bulletin, Tex Report, Umetal, Vale Company Reports and others, and are derived from actual and/or estimated data relating to 2009 / H1 2010 and are prepared in 2010.

Eurasian Natural Resources Corporation PLC ('ENRC') will announce its 2010 Half Year Results on Wednesday, 18 August 2010. 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 statement

This announcement includes statements that are, or may be deemed to be, 'forward-looking statements'. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms 'believes', 'estimates', 'plans', 'projects', 'anticipates', 'expects', 'intends', 'may', 'will', or 'should' or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include matters that are not historical facts or are statements regarding the Group's intentions, beliefs or current expectations concerning, among other things, the Group's results of operations, financial condition, liquidity, prospects, growth, strategies, and the industries in which the Group operates. Forward-looking statements are based on current plans, estimates and projections, and therefore too much reliance should not be placed upon them. Such statements are subject to risks and uncertainties, most of which are difficult to predict and generally beyond the Group's control. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. The Group cautions you that forward-looking statements are not guarantees of future performance and that if risks and uncertainties materialise, or if the assumptions underlying any of these statements prove incorrect, the Group's actual results of operations, financial condition and liquidity and the development of the industry in which the Group operates may materially differ from those made in, or suggested by, the forward-looking statements contained in this announcement. In addition, even if the Group's results of operations, financial condition and liquidity and the development of the industry in which the Group operates are consistent with the forward-looking statements contained in this announcement, those results or developments may not be indicative of results or developments in future periods. A number of factors could cause results and developments to differ materially from those expressed or implied by the forward-looking statements including, without limitation, general economic and business conditions, industry trends, competition, commodity prices, changes in regulation, currency fluctuations, changes in business strategy, political and economic uncertainty. Subject to the requirements of the Prospectus Rules, 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.

Disclosure and Transparency Rules

This 2010 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

The Group's positive operating and financial performance in H1 2010 was built on the recovery in its traditional markets, and from the continued strength of the Chinese economy that was helped by the Government stimulus package of 2009 which supported growth in the autos and construction sectors. This environment underpinned the strong revival in the carbon and stainless steel markets, boosting prices and lifting volumes across the range of products. In mid 2010, as the global economy moved from recovery into a transitional phase and towards a lower sustainable longer term growth rate, some areas of weakness became apparent. Inevitably this has been reflected in the commodity markets, with price and volume volatility, signs of destocking and an abatement in economic confidence. Going into H2 2010 there are mixed economic signals evident around the world, with particular fears regarding European sovereign risk, bank fragility and concerns arising from the removal of stimulus and support packages. Nonetheless, conditions for the longer term recovery in our main markets appear now to be established.

In H1 2010 the Group successfully advanced its strategic agenda. To enhance our existing assets and increase capacity, we announced a revised capital expenditure programme. We will continue to invest in Kazakhstan and have now reinstated the Iron Ore Division's planned expansion. Phase 2 of the aluminium smelter was completed in May, and the progress in a number of projects gives us confidence in the results we can expect to achieve over the next few years. In addition, we have continued with our development through acquisitions: Chambishi and SMKK provided an enhancement to our existing copper and cobalt operations in the Democratic Republic of the Congo ('DRC'). Total 'in progress' and 'under review' capital expenditure is now US$5.9 billion. The stake in Northam Platinum gives us a strategic optionality in a key commodity in which we have long been interested and in an industry with significant barriers to entry.

Africa is rich in our chosen mineral resources and is set to be an important geography in the future growth of the Group, with our current portfolio in the region providing significant strategic optionality. We have sought to build a 'Tier 1' capability around low-cost businesses, and managing the risk-return will be a primary focus for the management. We have made good progress on advancing our reserves and resources in the DRC; contained copper has risen to over 2 million tonnes and contained cobalt to over 320 kt.

With the majority of operations located in Kazakhstan, ENRC is well positioned to exploit demand driven opportunities in China and Russia. We remain positive on the medium- and long-term prospects for the growth of the Chinese and Russian economies and elsewhere in emerging markets. The prospects for ENRC in these markets are enhanced by structural capacity shortages, notably in China, and supply constraints that are expected to emerge with a sustained economic recovery. From our strong domestic base in Kazakhstan, we are looking to Africa for commodity and geographical diversification as well as a broader range of growth opportunities. Our capital expenditure initiatives are directed towards providing a solid platform for growth, inside Kazakhstan and elsewhere around the world, to deliver value for all our shareholders.

Our dividend for H1 2010 amounts to US 12.5 cents (2009: US 6 cents), with the payout ratio increased to 18%. We were pleased that in 2009, through the downturn, we continued to pay a dividend in line with our stated policy. We have increased the payout ratio in H1 2010 to reflect our confidence in the future and our strong balance sheet position.

I am pleased that we have announced the appointment of Jim Cochrane to the Board of ENRC and we welcome his experience and knowledge in this role. In addition I am able to announce Jim's appointment as Chief Commercial Officer for the Group; Jim will remain Head of Sales and Marketing and will now assume responsibility for the Logistics Division.

The Group extends its thanks to all of its employees for their continued efforts to achieve these results and for their loyalty and commitment.

2010 FIRST-HALF PRODUCTION PERFORMANCE

The production performance in H1 2010 reflected the restoration to effective full capacity of all of the Group's principal Kazakhstan businesses by the end of 2009, as management sought to leverage the Group's low cost advantages, strategic location and the retained workforce. Production levels in our main commodities business in Kazakhstan were at or above the levels of H1 2008. The additional Phase 2 capacity of the aluminium smelter in early May, the progressive recovery at Serov and Tuoli and the inclusion of the Other Non-ferrous Division, including Chambishi from early April, provided additional production.

- Ferroalloys: through H1 2010 the Division's operations in Kazakhstan were effectively operating at full available capacity by the end of the period and production capacity had been restored at Serov and Tuoli. Strong volumes to China and a recovery in our traditional developed economy markets, combined with the Group's leading low cost position, meant that volumes were higher than the levels of H1 2008, ahead of the downturn.
- Iron Ore: the Division operated at effectively full available capacity in the period and achieved record production of primary concentrate. There has been a very significant recovery in shipments to our main customer in Russia and in pellet volumes, the latter largely reflecting the broader market recovery as well as available capacity.
- Alumina and Aluminium: the highlight was the completion of Phase 2 of the aluminium smelter which since May 2010 has operated at its annual capacity run rate of 250 kt. With this, a greater proportion of alumina has been diverted to internal consumption. Sales volumes to our main customer in Russia remained in line with the long term supply contract.
- Other Non-ferrous: the Division is included for the first time and constitutes the Democratic Republic of the Congo ('DRC') businesses for the full period and Chambishi (in Zambia) from Q2 2010. The DRC businesses are on track to achieve production of about 20 kt of copper concentrate and 7 kt of cobalt concentrate in 2010.
- Energy: coal extraction volumes and electricity production were at or above the levels of H1 2008. More power was generated as capacity was restored; internal utilisation levels have risen to almost 85% in Q2 2010 reflecting the increased requirements of Phase 2 of the aluminium smelter and the general level of activity across the Group's main production Divisions in Kazakhstan.

2010 FIRST-HALF FINANCIAL PERFORMANCE

For the Group in H1 2010 the key feature was the positive momentum between revenue, like-for-like up 66.8%, and like-for-like total costs ahead 32.8%. The increased revenue was driven by higher prices but also by significantly higher sales. Total costs growth reflected higher sales volumes and increased materials, tax, energy, depreciation and labour expenses. Underlying EBITDA rose 128.5% to US$1,435 million (H1 2009: US$628 million). Earnings per share were ahead 62.8% to US 70 cents (H1 2009: US 43 cents). This strong performance was underpinned by the Group's low cost position and strategic location, as well as its ability to respond rapidly to the market recovery in H2 2009.

Within this, cost of sales increased US$412 million, or 45.3%. The inclusion of the Other Non-ferrous Division added US$169 million. Like-for-like cost of sales rose 26.7%. Sales volumes added US$236 million, which was partially offset by inventory changes of US$160 million. The residual cost of sales increase, US$167 million, reflected higher fixed costs, including repairs and depreciation, and rising input prices. The increase in total costs of US$814 million, or 82.0%, also included US$210 million for the one-off impact of the devaluation of the Kazakhstani tenge versus the US dollar in H1 2009. In H1 2010 total costs for the Other Non-ferrous Division were US$204 million.

Management has been working on the introduction of initiatives to enhance productivity and to control costs in the face of cost pressures. There is early evidence of good progress being made at the Aktobe plant in the Ferroalloys Division and in the Iron Ore Division, notably in energy consumption and in loading processes and shift changeovers respectively. Consequent of these and other cost control actions, we expect: ferroalloys and iron ore unit costs for the full year, excluding Mineral Extraction Tax ('MET'), to rise to the levels of full year 2008; aluminium unit costs to hold the levels of H1 2010, with the benefit of higher volumes; and for coal unit costs to exceed the level of the full year 2008 as a result of a rising stripping ratio. In terms of labour productivity in H1 2010 against the levels of H1 2008, tonnage per capita for ferroalloys and primary iron ore concentrate increased by around 10% and 19% respectively.

Management maintained its ongoing focus on working capital. Inventories and receivables rose to reflect the higher sales. We continued to possess a strong and favourable balance sheet with gross available funds of US$868 million as at 30 June 2010 (31 December 2009: US$1,021 million), including cash and cash equivalents of US$727 million (31 December 2009: US$830 million). Outstanding debt as at 30 June 2010 amounted to US$657 million (31 December 2009: US$428 million), due principally to a new 15-year Chinese loan from the Development Bank of Kazakhstan and the existing trade finance facility (to be repaid by December 2010). Operating cash flow significantly improved, increasing 85%, resulting in a net inflow of US$929 million (H1 2009: US$503 million). We see our balance sheet and positive operating cash flow as key competitive advantages in the current environment and continue to manage our position prudently.

HEALTH & SAFETY

Health and safety is a key priority for the Group. In H1 2010 we continued with the implementation of our new safety management system, improving the quality and coverage of our reporting, and with a rollout across the principal businesses of our new Safety Culture Improvement project. We have introduced an improved incentives system for line managers, new communication tools and behavioural audits across the operations. For the Group the number of fatalities in H1 2010 was 5 (H1 2009: 5), all of which were in the Ferroalloys Division. All deaths are regrettable to us and we express our condolences to the families involved. The number of work-related injuries (excluding the Other Non-ferrous Division) for H1 2010 was 26 (H1 2009: 33). The Lost Time Injury Frequency Rate ('LTIFR') (excluding the Other Non-ferrous Division) was 0.47 (H1 2009: 0.69) per one million hours worked. The Group remains focused on improving its delivery of health and safety based on the adoption, in 2008, of an aspiration of 'zero injuries'. We are in the process, and as part of the integration of the African businesses, of implementing our existing corporate safety management standards at all our operations. We will report on Africa in detail with our full year results for 2010.

CAPITAL EXPENDITURE

For H1 2010 capital expenditure was US$483 million (H1 2009: US$559 million), largely reflecting the timing of projects. 'Sustaining' capital expenditure for H1 2010 was US$203 million (H1 2009: US$190 million).

Project highlights in H1 2010 included: Ferroalloys – the completion of a revised feasibility study and engineering plan for 440 ktpa gross capacity at Aktobe, with the project changed to four (previously three) smelters and the estimated cost increased to US$750 million. With external financing in place we have initiated the procurement of equipment; Iron Ore – the completion in June of a metal rolling plant; Alumina & Aluminium - the completion of the 125 kt per annum Phase 2 of the aluminium smelter in early May; and Energy – the commissioning of new overburden stripping equipment in June.

In early 2010 we re-evaluated our planned capital expenditure. With the completion of the Chambishi acquisition in Q2 2010 we added a further US$85 million of approved capital expenditure. In the Iron Ore Division we have reinstated the Hot Briquetted Iron ('HBI') plant and other projects to 'In Progress'. The BML project continues to await approval of certain licences and the initiation of the rail link construction.

For the full year 2010 capital expenditure is expected to amount to approximately US$1.5 billion, including US$0.4 billion for capital repairs.

ACQUISITIONS

Acquisitions are an important element of our strategy and we are driven by our targeted commodities. The Group's strategy is unchanged and ENRC remains interested in its major core products, ferrochrome and iron ore, but is also looking at further opportunities to add to our recently acquired copper, cobalt, and platinum assets. Recent acquisitions activity has been focused on Africa; we have established our operational base for copper and cobalt and have since sought to further enhance these assets. Africa, as a region, has an outstanding mineral resource base and we have pursued opportunities to buy tier-one assets which are large scale and scalable, with long mine lives.

In April-May the Group completed the acquisition of Enya Holdings BV (‘Enya’) which held 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. The aggregate cash consideration amounted to US$300 million.

In May 2010 the Group completed the purchase of a 12.2% interest in Northam Platinum Limited (‘Northam’), a major platinum producer in South Africa, from Mvelaphanda Resources Limited, for a total cash consideration of ZAR2.2 billion (approximately US$296 million). Northam is one of South Africa’s leading platinum producers and one of only four major platinum group metals (‘PGM’) mining groups in South Africa with smelting operations. Subsequent market purchases and commitments increased the holding to 12.6% at the end of June 2010.

In June 2010 the Group completed the purchase of the outstanding 50% share of Société Minière de Kabolela et Kipese Sprl (‘SMKK’), taking our interest in the company to 100%. The total cash consideration in respect of the outstanding 50% of SMKK amounted to US$75 million. SMKK is the title holder of some exploration permit assets contiguous to the Group’s existing operations in the Democratic Republic of the Congo (‘DRC’).

INDUSTRY OVERVIEW

The stainless steel industry has seen a significant recovery in 2010 with production forecasts for the year at about 30 million tonnes, up 15% from 26 million tonnes in 2009. China remains the single largest producer of stainless steel with the fastest growth, currently accounting for almost 40% of stainless steel production. The speed of the recovery in stainless steel production, coupled with very low ferrochrome stocks at the beginning of 2010, tightened the market considerably and as a result the benchmark price rose US 35 cents per pound (to US$1.36) in Q2 2010. The subsequent increase in ferroalloy production and a global slowdown in stainless steel output resulting from the fall in nickel prices, created an oversupply going into Q3 that resulted in the benchmark falling US 6 cents for the quarter. However, the spot price of ferrochrome in China, today a bell-weather for the industry, fell further. We encourage the market to take into account this variance when analysing the company and the industry. For the remainder of 2010, pricing will depend on whether rising nickel prices improve the short term demand for stainless steel. Longer term, higher costs, particularly in South Africa, will support prices at higher levels, while supply constraints in South Africa could provide further upside.

For iron ore, the improved condition of the Russian steel industry in 2010 enabled us to sell substantially higher volumes to our principal customer, Magnitogorsk Iron and Steel Works (‘MMK’). Sales to China, which doubled in 2009 versus 2008 to make up some of the shortfall in our sales to MMK, remained broadly steady in H1 2010 in comparison to H1 2009. The greatest opportunity for us to develop sales in the future is the ongoing industrialisation of our traditional markets in North West China, along with the access that will in time be offered by the new China Gateway rail link. The market for higher value added products is another opportunity open to the Group, hence the project to build HBI capacity. The move away from the annual benchmark pricing system means that an alternative mechanism is required for the MMK contract and this is currently under discussion. Overall China’s continued increase in steel production and its huge demand for iron ore will keep the market tight and support strong pricing in the medium term.

With Phase 2 of the aluminium smelter coming on stream in May, an increased proportion of alumina production will be diverted to internal consumption. The plan is to increase alumina production in 2011 to 1.7 million tonnes to support both long-term contract sales to United Company RUSAL (‘RUSAL’) and our own requirements. Sales of alumina to RUSAL have remained broadly steady through 2010 and 2009, largely unaffected by the downturn. Aluminium sales will increase in line with the rise in production. With the new production being also LME registered, an end market for the product is readily available.

Our current position in copper is limited. However, we believe that the longer term demand fundamentals of copper are sound. This is underpinned by a weakening longer term supply outlook in the face of increasing demand from emerging markets.

In energy, the value to the business is the low cost integrated coal extraction and power generation that secures our own power in our value added metals production. We have increased the proportion of internal consumption of power with the Phase 2 aluminium smelter completion, rising to approximately 85%, and have redeployed our own power production to maximise the economic potential in the new power market structure of Kazakhstan.

OUTLOOK

Overall, the outlook for the Group in 2010 continues to be broadly in line with our previously stated expectations. This view is underpinned by our confidence that strong growth in Chinese domestic demand can be sustained - with recent policy measures largely a response to specific areas of overheating in the economy - by growth in Asia and other emerging markets, a stabilisation in demand in the United States, Europe and Japan and an improved outlook for Russia. Accompanying this recovery we will benefit from a sustained level of commodities demand. Consequently, and exploiting our low cost competitive advantage and our strategic location, we expect output in 2010 for our principal products to be at or near full capacity.

Nonetheless, as we have mentioned previously, current economic signals remain mixed and there are some evident areas of weakness, particularly for growth in Europe and the United States, with the risk of continued short-term market volatility affecting commodity prices and volumes. We believe that China can sustain GDP growth of 7%-9% per annum, combining both infrastructure and consumption spend, however, growth prospects in the OECD economies will remain comparatively subdued as policy measures and specific risks on sovereign debt and bank fragility create significant headwinds and there is some risk of contagion from the present economic issues in Europe.

In this environment pressures are evident on the realised prices that we are able to secure for our commodities. Costs remain a challenge for the Group, reflecting both higher volumes and input costs in the principal businesses which continue to rise. We remain confident, however, that we can sustain our advantaged relative low cost positions in our principal commodities.

Save as set out in this announcement, there have been no material events, transactions or changes to the financial position of the Group since 30 June 2010.

Felix J Vulis, Chief Executive Officer

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OPERATING REVIEW

OVERVIEW

For the half-year ended 30 June 2010, the Group had revenue of US$3,045 million (H1 2009: US$1,695 million) and profit attributable to equity shareholders of the Group of US$902 million (H1 2009: US$553 million).

In H1 2010 production in the Group's ongoing operations saw a marked recovery against the comparable period of 2009 which was adversely affected by the production cutbacks initiated in Q4 2008 in response to the economic slowdown, particularly in the Ferroalloys and Iron Ore Divisions. In many of our principal products we operated at levels above those in H1 2008, a period of high demand. Production in the Ferroalloys and Iron Ore Divisions in Kazakhstan were restored to effectively full capacity during H2 2009 and maintained this level in H1 2010; by the end of H1 2010 the ferroalloys businesses of Serov and Tuoli were also restored to effectively full capacity. Production in the Alumina and Aluminium Division continued at capacity; the increase in aluminium production volumes reflected the attainment of the full Phase 2 capacity run rate of 250 ktpa in May 2010. There was some adverse weather impact on production volumes in a number of businesses in H1 2010 reflecting a more severe winter this year. Ore grades remained broadly consistent.

Production in the Other Non-ferrous Division was included for the first time; the DRC businesses were included for the full half year period in 2010 and the newly acquired business in Zambia for Q2 2010. Production is in line with expectations for the full year 2010. In the Energy Division coal production increased in response to internal and third-party demand; overall, electricity generation has remained broadly steady, however, an increased proportion is consumed internally, reflecting the general recovery in operations and the requirements of the aluminium smelter start up through 2009 and H1 2010. Logistic Division total shipments increased due to the improved level of activity in the Group's main operating businesses in Kazakhstan

DESCRIPTION OF ENRC'S BUSINESS

The Group has six operating Divisions:

<u>Ferroalloys Division</u>

In H1 2010, the Ferroalloys Division produced: 1,700 kt of saleable chrome ore (H1 2009: 1,446 kt); 455 kt of saleable manganese ore concentrate (H1 2009: 327 kt); and 912 kt of ferroalloys (H1 2009: 585 kt), including 637 kt (H1 2009: 447 kt) of its primary product, high-carbon ferrochrome. For the six months ended 30 June 2010, the Ferroalloys Division had revenue of US$1,394 million (H1 2009: US$862 million), which represented 45.8% (H1 2009: 50.8%) of the Group's consolidated revenue.

Sales and Pricing

Towards the end of 2009 stainless steel production eased slightly, resulting in the Q1 2010 European high-carbon ferrochrome benchmark price being set at US$1.01 per pound of chrome, a net reduction of US 2 cents quarter on quarter. The start of 2010 brought renewed confidence with stainless steel production improving globally, and particularly in China. With the improved outlook production of stainless steel in Q1 2010 achieved a record quarterly output of 7.5 million tonnes, an increase of 2.7 million tonnes on the comparable quarter and over 0.8 million tonnes ahead of Q4 2009.

With lower availability of recycled scrap material, as well as reduced manufacturing levels, the demand for prime ferrochrome increased substantially, as stainless steel production benefited from improved demand from the automotive sector. This resulted in ferrochrome inventory being eroded further, whilst producers' stocks were also reduced as the industry continued to operate at below capacity during Q1.

At the end of Q1 2010 the market was in balance. However, the increased operating capacity of the steel industry affected coke prices, a major constituent in the smelting and reduction process for the production of chromium. As a result, the Q2 ferrochrome benchmark price increased US 35 cents to

US$1.36 per pound of chrome. The increase in the Q2 ferrochrome benchmark was further aided by continuing cost pressures in South Africa as a result of a 25% increase in power tariffs in 2010.

Demand in the mature economies remained strong during Q2 2010, supported by improved economic confidence and a phase of industry restocking. However, in China it appeared that the steel sector had over produced and, in conjunction with concerns over a possible property bubble, the Government tightened fiscal policy. These concerns, along with continuing generally low consumer confidence on the back of European sovereign debt issues, a declining nickel price - which affects austenitic steel - as well as a seasonal slowdown, all contributed to a weakening outlook. As a result the ferrochrome benchmark for Q3 2010 settled at US$1.30 per pound of chrome - a drop of US 6 cents quarter on quarter.

Demand for medium- and low-carbon ferrochrome progressively rose during H1 2010 as the outlook in the engineering, alloy and specialty steel sectors continued to improve, with prices increasing by between US 10 to 15 cents against the start of the period. Chrome ore demand has increased, particularly in China, with prices rising strongly on the back of good demand.

Manganese alloys, which are primarily used in the production of carbon steel for the construction and automotive sectors, also recorded price improvements, with silico-manganese attaining levels in excess of US$1,500 per tonne during Q2 2010. This improvement also led to a progressive upward trend for manganese ore, in terms of both demand and price, as converters bought increased volumes to cover alloy demand from the steel sector.

In H1 2010, the Ferroalloys Division's top five customers accounted for 33.8% (H1 2009: 36.0%) of the Division’s sales revenue to third parties.

The following table sets out the Ferroalloys Division's volume of third party sales by product for H1 2010 and H1 2009:

	Six months to 30 June		
Sales volumes ‘000 t	**2010**	2009	*2010 vs 2009*
Ferroalloys:			
High-carbon ferrochrome	**550**	469	*17.3%*
Medium-carbon ferrochrome	**22**	15	*46.7%*
Low-carbon ferrochrome	**40**	30	*33.3%*
Ferrosilicochrome	**32**	15	*113.3%*
Ferrosilicomanganese	**89**	85	*4.7%*
Ferrosilicon	**23**	12	*91.7%*
Total ferroalloys	**756**	626	*20.8%*
Chrome ore	**326**	232	*40.5%*
Manganese ore	**286**	207	*38.2%*
Iron-manganese ore	**32**	15	*113.3%*

Of the Ferroalloys Division's third party sales in H1 2010: 22.0% (H1 2009: 30.7%) were made in China; 21.3% (H1 2009: 21.3%) in Western Europe; 18.3% (H1 2009: 19.1%) in Russia; 16.2% (H1 2009: 15.0%) in Japan; 9.7% (H1 2009: 5.4%) in South Korea and the Far East; 8.4% (H1 2009: 8.4%) in North America; and 4.1% (H1 2009: 0.1%) in the rest of the world.

Key Initiatives
The key objectives for the Ferroalloys Division are: to expand operations with substantial margins and returns on capital, based on the low-cost, large scale and high-grade ore resources available to the Group; to reduce production costs by replacing outdated equipment; to further strengthen the Group's leading market position in ferroalloys worldwide; and to improve the environmental and safety performance of the Division.

The investment programme of the Ferroalloys Division includes the construction of new Direct Current ('DC') furnaces at the Aktobe plant with 440 ktpa of capacity. The feasibility study for the project has now been completed. The project has been expanded and now includes the construction of four DC furnaces (previously three were planned). Supply agreements for capital equipment and machinery, as well as an Engineering, Procurement and Construction contract have been signed. The total project cost is approximately US$750 million, with completion planned for 2013. The project is expected to enhance productivity and generate substantial cost savings, particularly for key input materials such as reductants, including coke. Furthermore, the installation of modern smelting furnaces is expected to result in significant environmental and safety improvements.

Iron Ore Division

In H1 2010, the Iron Ore Division mined 21,847 kt of iron ore (H1 2009: 14,985 kt). This was processed into 8,836 kt of primary iron ore concentrate (H1 2009: 6,252 kt), of which 4,162 kt (H1 2009: 4,260 kt) was sold with the balance used to produce 4,205 kt (H1 2009: 2,029 kt) of iron ore pellet. For the six months ended 30 June 2010, the Iron Ore Division had revenue of US$864 million (H1 2009: US$469 million), which represented 28.4% (H1 2009: 27.7%) of the Group's consolidated revenue.

Sales and Pricing

The global steel market continued its recovery in H1 2010 with total steel production totalling 708 million tonnes and China accounting for approximately 45% of the total. A very strong Q1 2010 was offset by a slowdown in Q2 as a result of Chinese fiscal tightening and the effect of the withdrawal of stimulus packages elsewhere in the world. A marked change in the fortune of the Russian steel industry was also evident with strong production in Q1 being replaced by shutdowns in Q2. During this time MMK again were unable to take their full contracted volumes, but Chinese customers were willing recipients of extra volumes. Any slowdown has the added effect of reducing the relative demand for pellet as a focus on throughput is replaced by an emphasis on low cost raw materials. The effect of the slowdown was felt in the spot iron ore prices as the market fell from a peak of US$186 per tonne in April to a low of US$134 per tonne at the end of June. The market fell further to a low of US$112 in the middle of July. However optimism returned at the start of Q3 and the price recovered to US$140 per tonne at the end of July. Subsequently Q2 2010 heralded the demise of the annual benchmarking system as the major producers attempt to achieve realised market prices for the product. The system is likely to be replaced by a spot pricing mechanism as published in Platts Steel Markets. However, the system still has some way to go before it is fully transparent and widely recognised. In the meantime we have also moved to a shorter term pricing mechanism with MMK and are still discussing how a new pricing mechanism for the long term contract will be adopted.

The following table sets out the Iron Ore Division's volume of third party sales by product and compares H1 2010 against H1 2009:

Sales volumes		Six months to 30 June **2010**	2009	*2010 vs 2009*
Iron ore concentrate	'000 t	**4,162**	4,260	*(2.3)%*
Iron ore pellet	'000 t	**4,133**	2,120	*95.0%*

Key Initiatives

The Iron Ore Division's strategic objectives are: to maintain production capacities; to exploit the Group's access to low cost, large-scale deposits of iron ore and low cost energy; and to further diversify the sales geography, product and customer mix.

After favourable feasibility studies and the overall improved conditions in the steel industry, the Division is undertaking the implementation of the following projects:

- To support growth in production, the Division is expanding its ore base. Expansion plans include the development of a new deposit and the construction of a cyclic conveyor complex at Karchasky pit by 2014. The estimated expenditure is US$720 million.
- The construction of a high quality concentrate plant with total capacity of 7 mtpa by 2014 at an estimated total cost US$440 million. High quality concentrate will be used as raw materials for production of high quality pellet and for direct sales to customers.
- The construction of a 3 mtpa high quality pelletiser plant and an HBI plant with a capacity of 1.8 mtpa by 2014. The total project cost is estimated to be US$920 million.

These projects will allow the Division to expand its product base, offering three new products to the market: high quality concentrate, high quality pellet and HBI, increasing total saleable output to approximately 23 mtpa by 2014.

The Alumina and Aluminium Division

In H1 2010, the Alumina and Aluminium Division mined 2,645 kt of bauxite (H1 2009: 2,481 kt) and produced 813 kt of alumina (H1 2009: 793 kt) and 103 kt (H1 2009: 61 kt) of aluminium. For the six months ended 30 June 2010, the Alumina and Aluminium Division had revenue of US$443 million (H1 2009: US$251 million) representing 14.2% (H1 2009: 14.7%) of the Group's consolidated revenue.

Sales and Pricing

In H1 2010 the Group shipped 600 kt (H1 2009: 660 kt) of alumina to United Company RUSAL ('RUSAL') under a long-term supply contract that expires at the end of 2016. The pricing under this contract is linked as a percentage to the London Metal Exchange ('LME') price of primary aluminium. In H1 2010 UC RUSAL, the Division's largest single customer accounted for 47% (H1 2009: 57%) of the Division's sales revenue. The balance of the alumina production is consumed by the Group in its own aluminium smelter ('KAS'). On 1 May 2010, KAS started up its second production line, bringing its total annual capacity to 250 kt.

The Group shipped 98 kt of primary aluminium in H1 2010, of which 19 kt was delivered to customers located in Russia and the CIS. Sales of the remainder of the aluminium were by way of a distribution agreement with Glencore International, which represented 41% (H1 2009: 41%) of the Division's revenue in H1 2010. The LME spot price serves as the basis for the pricing of all of our aluminium contracts.

LME aluminium prices in H1 2010 showed very high volatility with a peak of US$2,448 per tonne recorded late April and a low of US$1,829 per tonne in early June. Although demand for most semi-finished aluminium products in H1 2010 is up significantly compared to the same period in 2009, producers are apparently maintaining a just-in-time procurement strategy in an effort to limit inventory. Aluminium premiums (an indicator of the metal's physical availability) in H1 2010 were very high. This premium is driven by the rebound in orders for semi-finished aluminium products and that most aluminium inventory is tied up in financing deals and thus unavailable for immediate consumption. The Division's average sales price for aluminium in H1 2010 was US$2,183 per tonne (H1 2009: US$1,428 per tonne).

The following table sets out the Alumina and Aluminium Division's volume of third party sales by product for the first six months of 2010 and 2009.

		Six months to 30 June		
Sales volumes		**2010**	2009	*2010 vs 2009*
Alumina	'000 t	**608**	665	*(8.6)%*
Aluminium	'000 t	**98**	67	*46.3%*

Key Initiatives

The Alumina and Aluminium Division's principal strategic objectives are: to increase the capacity of aluminium production in Kazakhstan; to exploit the surplus of low-cost electricity, bauxite and alumina; and to provide internally produced anodes.

Phase 2 of the aluminium smelter was completed in May 2010, well ahead of schedule. The smelter is now operating at its full capacity run rate of 250 ktpa.

The main projects and schedule for the Division are:

- The construction of a 150 ktpa anode plant, which is in progress and due for completion during 2011. This plant will allow the Group to be independent of third-party suppliers and will provide enough anodes for the increased aluminium production as a result of the Phase 2 expansion.
- Expansion of alumina production to 1.7 million tonnes per annum (by mid-2011) which will support the expanded aluminium production capacity of the Group. This investment will allow the Division to maintain existing sales to customers and provide sufficient alumina for internal consumption.

Other Non-ferrous Division

The Other Non-ferrous Division operates principally in the DRC, where it mines copper and cobalt and processes the ore through Boss Mining Sprl, a subsidiary of ENRC, with the State-owned Gécamines as a minority (30%) partner. There are additional operations in Zambia. The Division was formed by the acquisition of CAMEC on 9 November 2009. On 6 April 2010, the Group completed the acquisition of Enya BV ('Enya'), whose principal assets include Chambishi Metals PLC ('Chambishi'), and Dubai based Comit FZE ('Comit'). Chambishi owns (with the Government of Zambia as a minority shareholder) the Chambishi copper and cobalt smelter in Zambia. Comit is a sales and marketing company that has historically handled the majority of Chambishi sales, and which has been incorporated into the Group Sales and Marketing function. As part of the acquisition of CAMEC, the Group acquired 50% of Société Minière de Kabolela et Kipese ('SMKK'). SMKK is a holder of a number of copper and cobalt mining licences located near the Boss Mining operations in the DRC. In June 2010 the Group completed the acquisition of the remaining 50% of the issued share capital of SMKK.

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 road logistics business operating in Central and Southern Africa and a number of development prospects: Mozambique – coal; Mali – bauxite; Zimbabwe – platinum; and South Africa – fluorspar.

For the six months ended 30 June 2010, the Other Non-ferrous Division had revenue of US$218 million, representing 7.2% of the Group's consolidated revenue.

Production

Production - Copper

Copper cathode production in H1 2010 was 9,327 t of LME grade B. Production increased during the period due to an improvement in feed grades and better availability from the mining fleet and process plants. Copper production is from heap leaching of oxide ores with acid recycled over three to four months to attain the correct solution grade of copper. Copper metal in cathodes is extracted at the electrowinning tankhouse.

Production - Cobalt

Cobalt concentrate production in H1 2010 was 3,902 t. Production increased through the period reflecting the planned ramp up in production, as well as the improved plant availability and grades of processed ore.

Sales and Pricing:

The following table sets out the Other Non-ferrous Division's volume of third party sales by product for the first six months of 2010 and the final two months of 2009.

Sales volumes		Six months to 30 June **2010**	November and December **2009**
Copper cathode and sludge	t	**9,291**	2,778
Cobalt concentrate	t	**3,224**	1,169
Cobalt metal	t	**1,105**	n/a

Sales and Pricing - Copper
Prices and volumes for copper metal are typically negotiated on an annual basis, although there are some contracts with quarterly commitments. While traditional Western markets are still large consumers of metal, Asia, particularly China, is the key growth market for copper metal. Most copper products are priced based on London Metal Exchange ('LME') prices. In the US, the Comex price is an alternative pricing mechanism.

The copper price has experienced a period of volatility during H1 2010, compared with the steady rise in price through 2009. The LME cash price reached almost US$7,700 per tonne in early January, before declining as LME inventory built up. The price then started to recover in mid-February aided by uncertainty regarding the impact of the Chilean earthquake, with April subsequently being the strongest month during the period with cash prices averaging US$7,745 per tonne. In May and June prices again retreated. The average copper price for H1 2010 was US$7,135 per tonne. Total copper stocks held by the major global exchanges at the end of June 2010 exceeded 666,000 tonnes, 21,000 tonnes less than at the end of 2009.

Sales and pricing - Cobalt
Prices and volumes for cobalt concentrate are typically negotiated on an annual basis. While there are bi-weekly quotes available for cobalt concentrate, long term supply contracts are usually based on a formula linked to the cobalt metal price. Cobalt metal sales are concluded on annual, biannual or quarterly contracts, as well as on a spot basis. Cobalt metal prices are quoted twice weekly by 'Metal Bulletin' and, since late February 2010, cobalt metal has been traded on the LME.

The end of 2009 saw the cobalt price recover and the price stood at US$19.75 per pound at the end of Q4 2009. The positive momentum continued into 2010 as prices advanced to peak at US$21.75 per pound in January, largely on the back of buying from China and some speculative purchasing in advance of the introduction of cobalt metal on the LME pricing platform. The cobalt price subsequently declined, stabilising during March at around US$17.25 per pound. In April cobalt prices recovered to US$20.50 per pound before falling back again in May and June. June was the lowest price for H1 2010 averaging US$17.19 per pound. The average cobalt price for H1 2010 was US$18.83 per pound.

Key Initiatives
The Other Non-ferrous Division's principal objectives are: to expand the existing copper and cobalt operations; to improve its cost position; and to provide a basis for future growth projects across the region. The copper and cobalt operations will be developed through investments in mining and processing assets, supported by an extensive exploration campaign.

Investment in Boss Mining is in progress to increase copper production capacity to at least 75 kt per annum in copper cathode and 60 kt per annum in concentrate (to be supplied to Chambishi for conversion into 55 kt per annum of copper cathode) by 2013.

The capital expenditure programme of the Division consists principally of:

- The expansion of the processing plant in the DRC will improve recoveries of copper and cobalt, which would result in a lower unit operating cost.
- Commissioning of cobalt SX/EW plant in Q4 2010.
- The programme at Chambishi will increase copper plant capacity to 55 kt per annum, installing a copper solvent extraction facility to improve the quality of cathodes produced by 2013.
- Additionally, investment in exploration is taking place to upgrade historical resources and prove new resources to allow for at least a fifteen year life-of-mine.

Energy Division

In H1 2010 the Energy Division produced 6,766 GWh (H1 2009: 6,708 GWh) of which 73.8% (H1 2009: 50.4%) was used internally within the Group. The share of internal consumption increased, due to the start up of Phase 2 of the aluminium smelter and significantly increased demand in the Ferroalloys and Iron Ore Divisions. Coal production increased to 10,119 kt (H1 2009: 9,428 kt). In addition to sales of surplus electricity, the Energy Division also sold 3,524 kt of coal to third parties (H1 2009: 3,213 kt), which represented 34.8% of total coal mined (H1 2009: 34.1%), reflecting reduced demand due to lower economic activity. For the six months ended 30 June 2010, the Energy Division had revenue of US$276 million (2009: US$179 million) - of which US$100 million was derived from third party sales (2009: US$99 million) - representing 3.3% (2009: 5.8%) of the Group's consolidated revenue.

Sales and Pricing

The following table sets out the Energy Division's volume of third party sales by product for H1 2010 and H1 2009:

		Six months to 30 June		
Sales volumes		**2010**	2009	*2010 vs 2009*
Coal ('EEC')	'000 t	**3,524**	3,213	*9.7%*
Electrical energy ('EEC')	GWh	**1,278**	2,849	*(55.1)%*

Sales and Pricing - Coal

The demand for coal improved, accompanying increased industrial production in Russia and Kazakhstan. Utilities continued to buy coal to replenish stockpiles. Electricity consumption in Russia increased 5% in H1 2010 compared to the same period of 2009. Thermal electricity power stations increased output by 8% and met the major part of demand for electricity in Russia.

In Kazakhstan, ENRC sold 1.6 million tonnes of coal to third parties (H1 2009: 1.4 million tonnes) at an average sales price of KZT937 (US$6.36) per tonne (H1 2009: KZT861 (US$5.95) per tonne), an increase of 9% on the Kazakhstan tenge price. The Energy Division sold 1.9 million tonnes (H1 2009: 1.8 million tonnes) of coal to Russia. The average sales price for Russian customers increased 28% to US$25.4 per tonne (H1 2009: US$19.8).

Sales and Pricing - Electricity

Domestic electricity consumption and generation has shown solid growth in H1 2010. Electricity generation in Kazakhstan increased 8% in H1 2010 compared to H1 2009. At the same time, electricity consumption grew 10% in H1 2010 compared to H1 2009. Sales of electricity to third parties dropped as consumption within the Group increased. Our average sales price to third parties in Kazakhstan tenge increased 72% to KZT 4.67 (US 3.17 cents) per kWh (2009: KZT 2.72 (US 1.88 cents) per kWh). This increase was in line with the State regulated tariff price cap increase set in the Republic of Kazakhstan.

Key Initiatives

The Energy Division's principal objectives are: to provide low-cost power and coal for the Group's existing operations, utilising its large scale coal reserves; and a progressive expansion of production in Kazakhstan. Additional energy capacity will ensure power supply to the Group's Divisions and allow it to maintain its presence on the Kazakhstan power market where it sells electric energy into the wholesale market.

Installation of overburden stripping equipment at a cost of US$85 million was completed in Q1 2010. This investment consists of equipment for the continuous extraction, crushing, transportation and stockpiling of overburden with a processing capacity of 10 million cubic metres per annum. This should improve the efficiency of coal production; in addition the machinery and processes were selected to satisfy environmental requirements.

The capital expenditure programme for the Division has not been changed from the 2009 Preliminary Results. The main projects and schedule for the Division are:

- Construction of a new power unit with an investment of approximately US$230 million. Phase 1 will be completed by the end of 2010; and Phase 2 in early 2011. Total additional installed electricity generating capacity is expected to be 325 MW;
- The reconstruction of power unit 6 at Aksu, upgrading its capacity to 325 MW, at an estimated cost of US$230 million, is planned to be complete beginning of 2013. It is intended to achieve savings on fuel consumption, whilst environmental emissions will be reduced by the implementation of up-to-date filters; and
- The construction of two 600 MW power units and 5 mtpa coal mine expansion are under review.

Logistics Division

For the six months ended 30 June 2010, the Logistics Division transported 29,772 kt of goods (H1 2009: 26,005 kt), of which 91.4% (H1 2009: 91.4%) was intra-Group. Increased transportation volumes for the year reflected a recovery in production in the key commodities; iron ore, chrome ore and ferroalloys. For the six months ended 30 June 2010, the Logistics Division had revenue of US$86 million (H1 2009: US$64 million) - of which US$30 million (H1 2009: US$16 million) was derived from third party sales - representing 1.0% (H1 2009: 0.9%) of the Group's consolidated revenue.

FINANCIAL REVIEW

The six months ended 30 June 2010 compared to the six months ended 30 June 2009

Group Performance

The Group's financial results for H1 2010 reflected the continued recovery of commodity prices and market demand. The Group's Underlying EBITDA of US$1,435 million (H1 2009: US$628 million) was significantly impacted by higher commodity prices and increased 128.5%. The increase in EBITDA was due to much higher commodity prices and a growth in sales volumes, partially offset by increased operating costs.

Revenue for the reporting period increased 79.6%, or US$1,350 million, to US$3,045 million (H1 2009: US$1,695 million). US$927 million, or 68.7%, of this increase was due to higher prices. Increased sales volumes led to revenue growth of US$395 million. The Ferroalloys Division accounted for 39.5% of the increase in Group revenue, the Iron Ore Division 29.3%, the Alumina and Aluminium Division 13.6% and the Other Non-ferrous Division 16.1%.

Due in large part to higher sales volumes, total costs increased US$604 million, or 50.2%, to US$1,807 million (H1 2009, excluding the US$210 million one-off effect of the Kazakhstani tenge devaluation in February 2009; US$1,203 million). Management's cost control initiatives helped to keep cost increases within planned limits.

Cost of sales increased US$412 million, or 45.3%, to US$1,322 million (H1 2009: US$910 million), mainly due to increased sales volumes (US$236 million) and the inclusion of the Other Non-ferrous Division (US$169 million). MET increased US$50 million to US$130 million (H1 2009: US$80 million) and was a significant contributor to the increase in cost of sales. Other drivers of the increase in cost of sales were: materials, US$174 million; third-party energy costs, US$45 million; depreciation, US$36 million; labour, US$34 million; and repairs and maintenance, US$15 million.

The increase in Group cost of sales was partially offset by changes in inventories of US$160 million, of which US$23 million was due to the Other Non-ferrous Division in H1 2010.

Distribution costs increased US$87 million, or 56.5%, to US$241 million (H1 2009: US$154 million), mainly due to a US$67 million increase in transportation costs. This was as a result of the increase in sales volumes and greater sales to traditional and more distant markets, primarily in the Ferroalloys Division.

Selling, general and administrative expenses increased US$74 million, or 50.7%, to US$220 million (H1 2009: US$146 million). This increase was mainly due to higher staff costs (US$19 million, of which US$7 million was due to the Other Non-ferrous Division), an increase in sponsorship and donations (US$17 million) and increased consulting services (US$14 million). The Other Non-ferrous Division added US$30 million to the increase in selling, general and administrative expenses.

Wage rates overall, in H1 2010 compared to H1 2009, increased by around 13%, with a higher increase experienced in the Iron Ore Division.

For H1 2010, net other operating expense was US$24 million, of which US$9 million was attributable to net foreign exchange losses and a net loss of US$5 million on the disposal of property, plant and equipment. For the same period in 2009, a net other operating income was achieved, from a one-off foreign exchange gain of US$210 million, resulting from the devaluation of the Kazakhstani tenge against the US dollar.

Finance income decreased US$111 million, or 75.0%, to US$37 million (H1 2009: US$148 million), and finance costs fell US$88 million, or 69.3%, to US$39 million (H1 2009: US$127 million). The finance income and costs for H1 2009 included respectively a one-off foreign exchange gain of US$104 million and a loss of US$75 million.

The net share of losses of joint ventures and associates amounted to US$8 million (H1 2009: profit of US$28 million). This included the US$12 million loss in the BML joint venture and a US$4 million profit contribution from the Group's 25% interest in Shubarkol.

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Ferroalloys Division

In millions of US$	Six months ended 30 June **2010**	2009	2010 vs 2009
Revenue	**1,398**	862	*62.2%*
Third parties	**1,394**	861	*61.9%*
Intersegment	**4**	1	*300.0%*
Cost of sales	**(605)**	(464)	*30.4%*
Gross profit	**793**	398	*99.2%*
Gross margin %	***56.7%***	*46.2%*	
Distribution costs	**(134)**	(72)	*86.1%*
Selling, general and administrative expenses	**(71)**	(61)	*16.4%*
Net other operating (expense)/income	**(6)**	171	*(103.5)%*
Operating profit	**582**	436	*33.5%*
Operating profit margin %	***41.6%***	*50.6%*	
Depreciation, amortisation and impairment	**(54)**	(43)	*25.6%*
Devaluation of Kazakhstan tenge	**-**	168	*(100.0)%*
Underlying EBITDA	**636**	311	*104.5%*
Underlying EBITDA margin %	***45.5%***	*36.1%*	

Key Facts		Six months ended 30 June **2010**	2009
Sales Volumes			
Ferroalloys	‘000t	**756**	626
Chrome ore	‘000t	**326**	232
Manganese concentrate	‘000t	**286**	207
Ferro-manganese concentrate	‘000t	**32**	15
Prices			
Ferroalloys	US$/tonne	**1,619**	1,209
Chrome ore	US$/tonne	**300**	125
Manganese concentrate	US$/tonne	**195**	174
Ferro-manganese concentrate	US$/tonne	**48**	24
Unit Costs[(1)]			
Ferroalloys	US$/tonne	**775**	659
Chrome ore	US$/tonne	**41**	30
Manganese concentrate	US$/tonne	**107**	126
Ferro-manganese concentrate	US$/tonne	**19**	15

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

Ferroalloys Division

In H1 2010, the Ferroalloys Division was greatly impacted by the strong recovery in sales prices and volumes, particularly for high-carbon ferrochrome. The Division contributed US$636 million, or 44.3%, to the Group's Underlying EBITDA (H1 2009: US$311 million; 49.5%).

The Ferroalloys Division revenue rose US$536 million, or 62.2%; US$333 million of this increase was due to higher commodity prices and US$203 million was due to higher sales volumes. High-carbon ferrochrome sales contributed US$332 million (US$247 million due to higher prices and US$85 million due to higher sales volumes), or 61.9%, of the increase in the Division's revenue.

During H1 2010, demand for ferroalloys and chrome ore continued to be strong; as a result, total ferroalloys and chrome ore sales volumes increased 20.8% and 40.5% respectively. High-carbon ferrochrome volumes increased 17.3% versus the same period of 2009.

A 83.0%, or US$117 million, increase in cost of sales resulted from increased sales volumes and 15.6%, or US$22 million, from the increase in MET to US$81 million (H1 2009: US$59 million). Prices of certain input materials and electricity, as well as increased wage rates, were key drivers, with materials costs rising US$103 million. Unit cost of sales for ferroalloys was 17.6% above the comparable period, principally due to the higher MET which resulted from an increased price of chrome ore.

A US$62 million increase in distribution costs was mainly attributable to higher sales volumes and increased railway tariffs resulting in an increase in transportation costs. In addition, more products were shipped to the Group's traditional and more distant markets, of North America, Japan and Western Europe instead of China.

Selling, general and administrative expenses rose US$10 million, largely due to higher sponsorship and higher staff costs.

Other operating expenses exceeded other operating income by US$6 million, principally due to foreign exchange losses. For H1 2009 net other operating income reflected the one-off effect of the Kazakhstani tenge devaluation against the US dollar.

Iron Ore Division

In millions of US$	Six months ended 30 June **2010**	2009	2010 vs 2009
Revenue	**864**	469	*84.2%*
Third parties	**864**	469	*84.2%*
Intersegment	**-**	-	*n/a*
Cost of sales	**(300)**	(209)	*43.5%*
Gross profit	**564**	260	*116.9%*
Gross margin %	***65.3%***	*55.4%*	
Distribution costs	**(81)**	(67)	*20.9%*
Selling, general and administrative expenses	**(30)**	(25)	*20.0%*
Net other operating (expense)/income	**(3)**	52	*(105.8)%*
Operating profit	**450**	220	*104.5%*
Operating profit margin %	***52.1%***	*46.9%*	
Depreciation, amortisation and impairment	**(43)**	(37)	*16.2%*
Devaluation of Kazakhstan tenge	**-**	45	*(100.0)%*
Underlying EBITDA	**493**	212	*132.5%*
Underlying EBITDA margin %	***57.1%***	*45.2%*	

Key Facts		Six months ended 30 June **2010**	2009
Sales Volumes			
Iron ore concentrate	‘000t	**4,162**	4,260
Iron ore pellets	‘000t	**4,133**	2,120
Prices			
Iron ore concentrate	US$/tonne	**90**	64
Iron ore pellets	US$/tonne	**115**	85
Unit Costs[1]			
Iron ore concentrate	US$/tonne	**27**	25
Iron ore pellets	US$/tonne	**37**	35

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

Iron Ore Division

The Iron Ore Division benefited from stable demand from China and increasing demand from MMK, together with higher iron ore prices. The Division contributed US$493 million, or 34.4%, to Group's Underlying EBITDA (H1 2009: US$212 million; 33.8%).

Revenue rose US$395 million, or 84.2%. US$163 million of this was attributable to increased sales volumes and US$232 million due to higher prices. Overall, improved conditions in the steel industry gave good support to sales of higher priced iron ore pellet, which added US$292 million (US$172 million due to higher sales volumes and US$120 million due to higher prices) to the increase in the Division's revenue. The rise in concentrate prices increased the Division's revenue by US$112 million, offset by a US$7 million decrease due to lower sales volumes.

The US$91 million increase in cost of sales was driven by higher sales volumes. In terms of cost items materials costs increased US$33 million and staff costs US$14 million. MET increased to US$43 million (H1 2009: US$18 million). In addition, a reassessment of the Division's asset retirement obligations and related stripping costs led to a US$22 million increase in the Division's cost of sales. Unit costs of sales for iron-ore concentrate and pellet were above the comparable period levels principally due to higher MET.

A US$14 million increase in distribution costs resulted from higher sales volumes and railway tariffs. This increase was partially offset by a larger proportion of shipments to Russia which attracted lower tariffs in comparison with rail transportation to China.

Selling, general and administrative expenses rose US$5 million, due to an increase in staff costs.

Net other operating expense was US$3 million, mainly due to foreign exchange losses. For H1 2009 net other operating income reflected the one-off effect of the Kazakhstani tenge devaluation against the US dollar.

Alumina and Aluminium Division

In millions of US$	Six months ended 30 June **2010**	2009	2010 vs 2009
Revenue	**443**	251	*76.5%*
Third parties	**433**	250	*73.2%*
Intersegment	**10**	1	*900.0%*
Cost of sales	**(311)**	(229)	*35.8%*
Gross profit	**132**	22	*500.0%*
Gross margin %	***29.8%***	*8.8%*	
Distribution costs	**(25)**	(19)	*31.6%*
Selling, general and administrative expenses	**(19)**	(16)	*18.8%*
Net other operating expense	**(10)**	(9)	*11.1%*
Operating profit/loss	**78**	(22)	*454.5%*
Operating profit margin %	***17.6%***	*(8.8)%*	
Depreciation, amortisation and impairment	**(44)**	(30)	*46.7%*
Devaluation of Kazakhstan tenge	**-**	(9)	*(100.0)%*
Underlying EBITDA	**122**	17	*617.6%*
Underlying EBITDA margin %	***27.5%***	*6.8%*	

Key Facts		Six months ended 30 June **2010**	2009
Sales Volumes			
Alumina	‘000t	**608**	665
Aluminium	‘000t	**98**	67
Prices			
Alumina	US$/tonne	**328**	199
Aluminium	US$/tonne	**2,180**	1,418
Unit Costs(1)			
Alumina	US$/tonne	**230**	181
Aluminium	US$/tonne	**1,731**	1,286

(1) Unit costs: Cost of sales divided by sales volumes.

The Alumina and Aluminium Division
The results of the Alumina and Aluminium Division were significantly impacted by an increase in the LME aluminium price. The Division contributed US$122 million, or 8.5%, to the Group's Underlying EBITDA (H1 2009: US$17 million; 2.7%).

The Alumina and Aluminium Division's third-party revenue increased US$183 million, or 73.2%, to US$433 million (H1 2009: US$250 million), which largely reflected the significant rise in the aluminium price. Favourable pricing increased revenue US$154 million, whilst additional aluminium sales volumes contributed US$44 million. A decline in third-party alumina sales, due to an increase in internal consumption of alumina for aluminium production, impacted the Division's revenue by US$11 million.

Cost of sales increased US$82 million, or 35.8%, to US$311 million (H1 2009: US$229 million). This was largely due to an increase in aluminium sales volumes, resulting in a US$42 million increase, as well as higher prices of some input materials (including anodes, masut). Third-party materials costs increased US$33 million, staff costs US$8 million, depreciation charges US$13 million and MET US$3 million. Unit cost of sales for alumina was up by 27.1%, to US$230 per tonne and for aluminium by 34.6% to US$1,731 per tonne.

Distribution costs increased US$6 million, or 31.6%, to US$25 million (2009: US$19 million), mainly due to increased transportation costs.

Selling, general and administrative expenses increased US$3 million, or 18.8%, to US$19 million (2009: US$16 million), due to higher wage rates.

Other Non-ferrous Division

In millions of US$	Six months ended 30 June 2010
Revenue	**218**
Third parties	**218**
Inter-segment	**-**
Cost of sales	**(169)**
Gross profit	**49**
Gross margin	***22.5%***
Distribution costs	**(2)**
Selling, general and administrative expenses	**(30)**
Net other operating expense	**(3)**
Operating profit	**14**
Operating profit margin %	***6.4%***
Depreciation, amortisation and impairment	**(22)**
Underlying EBITDA	**36**
Underlying EBITDA margin	***16.5%***

Key Facts		Six months ended 30 June 2010
Sales Volumes		
Copper cathode and sludge	‘000t	**9.3**
Cobalt concentrate	‘000t	**3.2**
Cobalt metal	‘000t	**1.1**
Prices		
Copper cathode and sludge	US$/t	**5,632**
Cobalt concentrate	US$/t	**26,192**
Cobalt metal	US$/t	**38,913**
Unit Costs[(1)]		
Copper cathode and sludge	US$/t	**3,852**
Cobalt concentrate	US$/t	**18,093**
Cobalt metal	US$/t	**45,786**

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

Other Non-ferrous Division

The Other Non-ferrous Division, principally our businesses in the DRC and Zambia, contributed US$36 million or 2.5%, to the Group's Underlying EBITDA. In the period the main revenue and Underlying EBITDA generating businesses of the Division were the copper and cobalt businesses. The results were impacted by the favourable pricing for both copper and cobalt.

Unit cost of sales for copper is in the top quartile of the cost curve, due to the current high stripping ratios, low recoveries of copper and loss of by-product cobalt. The cost position is expected to improve as mining and processing volumes increase (leading to economies of scale) and mine planning is further enhanced. Also, when the new cobalt SX/EW plant is commissioned in Q4 2010 the cost position should improve further, from the resulting higher efficiency and greater recovery of by-products.

The unit cost of cobalt metal is also expected to improve with additional volumes of concentrate being processed in H2 2010.

Net other operating expenses include US$3m of expenditure for exploration activities, mainly in coal, bauxite and platinum.

Energy Division

In millions of US$	Six months ended 30 June **2010**	2009	2010 vs 2009
Revenue	**276**	179	*54.2%*
Third parties	**100**	99	*1.0%*
Intersegment	**176**	80	*120.0%*
Cost of sales	**(88)**	(71)	*23.9%*
Gross profit	**188**	108	*74.1%*
Gross margin %	***68.1%***	*60.3%*	
Distribution costs	**(28)**	(21)	*33.3%*
Selling, general and administrative expenses	**(20)**	(9)	*122.2%*
Net other operating income	**-**	3	*(100.0)%*
Operating profit	**140**	81	*72.8%*
Operating profit margin %	***50.7%***	*45.3%*	
Depreciation, amortisation and impairment	**(22)**	(17)	*29.4%*
Devaluation of Kazakhstan tenge	**-**	6	*(100.0)%*
Underlying EBITDA	**162**	92	*76.1%*
Underlying EBITDA margin %	***58.7%***	*51.4%*	

Key Facts		Six months ended 30 June **2010**	2009
Sales Volumes			
Third-party coal	'000t	**3,524**	3,213
Third-party electrical energy	GWh	**1,278**	2,849
Prices			
Coal	US$/tonne	**17**	14
Electrical energy	US$/MWh	**32**	19
Unit Costs[(1)]			
Coal	US$/tonne	**3.9**	3.4
Electrical energy	US$/MWh	**9.9**	8.6

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

Energy Division

The results of the Energy Division were significantly impacted by higher prices, especially for electricity, in line with State regulated tariff price cap increases in the Republic of Kazakhstan. The Division contributed US$162 million, or 11.3%, to Group's Underlying EBITDA (H1 2009: US$92 million; 14.6%).

The Energy Division's third party revenue increased US$1 million, or 1.0%, to US$100 million (H1 2009: US$99 million). Higher prices increased revenue US$28 million, whilst lower volumes of electricity sales reduced revenue by US$27 million. The Division's sales to other Group entities increased US$96 million, or 120.0%, to US$176 million (H1 2009: US$80 million), resulting from the ramp up in production in other Divisions.

Cost of sales increased US$17 million, or 23.9%, to US$88 million (H1 2009: US$71 million), mainly due to a US$9 million increase in materials costs, as well as additional depreciation charges.

Distribution costs increased US$7 million, or 33.3%, to US$28 million (H1 2009: US$21 million), due to increased transportation costs.

Selling, general and administrative expenses increased by US$11 million, or 122.2%, to US$20 million (H1 2009: US$9 million), principally due to additional sponsorship and donations made during the period.

Logistics Division

In millions of US$	Six months ended 30 June **2010**	2009	2010 vs 2009
Revenue	**86**	64	*34.4%*
Third parties	**30**	16	*87.5%*
Intersegment	**56**	48	*16.7%*
Cost of sales	**(60)**	(43)	*39.5%*
Gross profit	**26**	21	*23.8%*
Gross margin %	***30.2%***	32.8%	
Distribution costs	**-**	-	*n/a*
Selling, general and administrative expenses	**(12)**	(11)	*9.1%*
Net other operating income	**-**	-	*n/a*
Operating profit	**14**	10	*40.0%*
Operating profit margin %	***16.3%***	15.6%	
Depreciation, amortisation and impairment	**(8)**	(8)	*0.0%*
Devaluation of Kazakhstan tenge	**-**	(1)	*(100.0)%*
Underlying EBITDA	**22**	19	*15.8%*
Underlying EBITDA margin %	***25.6%***	29.7%	

Key Facts		Six months ended 30 June **2010**	2009
Sales Volumes			
Third-party freight forwarding	'000t	**2,553**	2,232
Railway line repairs	km	**132**	39
Prices			
Freight forwarding	US$/tonne	**1.0**	1.1
Railway line repairs	US$/'000km	**186**	198
Unit Costs[1]			
Freight forwarding	US$/tonne	**1.4**	1.2
Railway line repairs	US$/'000km	**174**	182

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

Logistics Division
The results of the Logistics Division were impacted by higher sales volumes. The Division contributed US$22 million, or 1.5%, to Group's Underlying EBITDA (H1 2009: US$19 million; 3.0%).

The Division's third party revenue increased US$14 million, or 87.5%, to US$30 million (H1 2009: US$16 million), mainly due to increased volumes of freight forwarding and railway line repairs. Sales to other Group Divisions increased US$8 million, or 16.7%, to US$56 million (H1 2009: US$48 million).

Cost of sales increased US$17 million, or 39.5%, to US$60 million (H1 2009: US$43 million), largely as a result of an increased volume of railway line repairs.

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LIQUIDITY

The Group manages liquidity risk by regular reporting of the projected liquidity position. The objective is to maintain sufficient available cash resources to finance the ongoing operating and investing activities of the Group. Cash and cash equivalents reduced during H1 2010.

Overview

The following table provides a summarised cash flow statement for the six month periods ended 30 June 2010 and 30 June 2009:

In millions of US$	Six months ended 30 June **2010**	 2009
Net cash generated from operating activities	**929**	**503**
Net cash used for investing activities	**(1,187)**	**(816)**
Net cash generated from / (used for) financing activities	**154**	**(404)**
Net changes in cash and cash equivalents	**(104)**	**(717)**
Cash and cash equivalents at beginning of period	**830**	**2,493**
Exchange gain/(loss) on cash and cash equivalents	**1**	**(126)**
Cash and cash equivalents at end of period	**727**	**1,650**

Net cash generated from operating activities

In H1 2010 the Group generated cash of US$929 million (H1 2009: US$503 million) from operating activities, an increase of US$426 million.

Increased commodity prices and a recovery in demand were the main drivers of the rise in Gross profit and increased cash inflows in H1 2010 versus H1 2009. Working capital movements were US$344 million adverse.

Net cash used for investing activities

In 2010 the Group utilised US$1,187 million for investing activities (H1 2009: US$816 million), an increase of US$371 million, or 45.5%. Investing activities consisted largely of: purchases of property, plant and equipment amounting to US$538 million; the acquisition of both Enya Holdings BV which owns 90% of Chambishi Metals PLC, a Zambian copper and cobalt producer, and Comit Resources FZE, a Dubai based marketing and sales company for US$296 million; purchase of an interest in Northam Platinum Limited for US$311 million; and the purchase of the remaining shares in Société Minière de Kabolela et Kipese Sprl for US$50 million.

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

The Group generated cash resources of US$154 million for its financing activities during the period to 30 June 2010. This was principally a US$400 million Chinese loan borrowed from the Development Bank of Kazakhstan under a 15 year facility agreement and cash outflows for dividends of US$77 million and repayment of bank borrowings of US$184 million.

CAPITAL EXPENDITURE

During H1 2010 the Group's capital expenditure amounted to US$483 million (H1 2009: US$559 million, excluding changes in capitalised asset retirement cost estimates), a decrease of US$76 million, or 13.6%, largely reflecting the timing of projects.

'Capital expenditure' equates to additions of property, plant and equipment and intangible assets, excluding goodwill, which differs from the 'Capital expenditure spend', which represents the cash outflows to acquire property, plant and equipment and intangible assets.

Capital expenditure is designated as either 'expansionary' or 'sustaining'.

'Expansionary' capital expenditure refers to investments made to drive future growth through increasing production capacities, and 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 and may include major cyclical capital repairs or the replacement of existing property, plant and equipment.

The table below shows the Group's capital expenditure:

Capital Expenditure

	Six months ended 30 June	
In millions of US$	**2010**	2009
Expansionary	**280**	369
Sustaining	**203**	190
Total	**483**	559

The Group's major projects are detailed in the tables on the next page. The Group anticipates that securing the necessary financing is a requirement for delivering its capital expenditure programme.

The Group classifies its projects under three categories:

1. In progress: projects at implementation stage that have been approved according to the Group's internal policies;
2. Under review: projects at feasibility stage; or
3. Deferred: identified projects that have been put on hold

Capital Expenditure Projects

In millions of US$	Date of project approval	Estimated total cost	Project status	Date of commissioning[1]
Ferroalloys				
Expansion/replacement of ferroalloy smelting capacity (Aktobe)[2] - 440 ktpa	2008	750	In Progress	2013
Expansion of ferroalloys smelting capacity (Aksu) - 460 ktpa	2008	540	Deferred	TBD
Iron Ore [3]				
Mine expansion	2008	720	In Progress	2014
Concentrator expansion - 7 mtpa high grade concentrate	2008	440	In Progress	2014
Pelletiser - 3 mtpa	2008	270	In Progress	2014
HBI Plant - 1.8 mtpa	2009	650	In Progress	2014
Alumina and Aluminium				
Aluminium smelter - Phase 2: 125 ktpa	2006	260	Completed	2010
Anode production plant	2008	240	In Progress	2011
Alumina production expansion by 300 ktpa[4]	2007	305	In Progress	2011
Energy				
Construction of power unit 2 - 325 MW	2007	230	In Progress	2011
Reconstruction of power unit 6 – 325 MW	2009	230	In Progress	2013
Other Non-ferrous				
Expansion of copper (oxide) production – 75 ktpa/cobalt	2009	190	In Progress	2013
Exploration	2009	115	In Progress	2013
Expansion of copper (sulphide) production – 60 ktpa copper contained concentrate	2009	150	In Progress	2013
Chambishi copper plant (LME grade A)	2010	85	In Progress	2012

[1] Completion of construction.
[2] Approximately 270 ktpa of ferroalloy smelting capacity may be retired after the new capacity is operational.
[3] Iron ore projects previously under review
[4] 100 ktpa completed – current capacity 1.6 mtpa; 100 ktpa in progress; 100 ktpa deferred.

Projects under review

In millions of US$	Date of project approval	Estimated total cost
Energy		
Construction of 2 x 600 MW power units	2008	1,260
Mine expansion - 5 mtpa coal	2008	230

The Group’s capital expenditure programme totals US$5.9 billion comprising of expansionary projects which are ‘in progress’ or ‘under review’. Deferred projects amount to US$0.5 billion.

For the full year 2010, total capital expenditure is expected to be approximately US$1.5 billion, including expansionary capital expenditure of around US$1.1 billion.

Capital expenditure on BML remains contingent on the project proceeding. This is dependent upon certain outstanding approvals and the Government of Brazil proceeding with the construction of a rail link.

CONTRACTUAL OBLIGATIONS

Long term supply agreements
The Group has the following key long-term supply agreements:

- Alumina – the Group has a contract with UC RUSAL, a large aluminium producer, to supply a minimum of 1.2 million tonnes of alumina per annum. The contract expires on 31 December 2016. Pricing is determined by a formula linked to the LME aluminium price; and
- Iron ore – the Group has a contract with MMK, a large Russian steel producer, to supply, up to 15 million tonnes per annum of saleable iron ore concentrate and pellets. MMK had an option at 31 March 2010 to reduce volumes of iron ore purchased from 15 million tonnes; this option was not exercised. The contract expires on 31 March 2017. The contract states that pricing is determined by reference to published price indices for iron ore concentrates and pellet. With the demise of the annual benchmark pricing system, the pricing structure is now under discussion with MMK. The contract has a provision for arbitration should an agreement not be reached.

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 risk factors were set out in our Annual Report for the year ended 31 December 2009 on pages 14 to 19.

There have been a number of acquisitions in 2010 as set out in note 6, 'Business Combinations'. Following the acquisition of CAMEC in 2009, the Group assessed the risks with respect to that transaction and these were reflected in the 2009 Annual Report. The acquisitions in 2010 have not changed the risk profile of the Group.

FACTORS AFFECTING COMPARABILITY

Key factors affecting comparability of the Group's results of operations and financial condition include:

Production levels for H1 2010
Production cutbacks in the Ferroalloys and the Iron Ore Divisions announced in Q4 2008 impacted the production performance in H1 2009. By the end of September 2009 production in these Divisions had broadly returned to full effective capacity levels in our Kazakhstani operations. All available capacities were utilised in the Alumina and Aluminium and Energy Divisions throughout 2009. By the end of H1 2010 production at Serov and Tuoli, in the Ferroalloys Division, had been restored to full effective capacity.

Movements in the Kazakhstan tenge to US dollar exchange rate
The devaluation, by approximately 25%, of the Kazakhstan tenge to the US dollar in early February 2009 gave rise to significant one-off foreign exchange movements in the results of H1 2009. This impacted US dollar denominated balances in the Kazakhstani operations, primarily inter-company receivables and loans, and term deposits. Consequently, in H1 2009 the Group recognised net foreign exchange gains of US$210 million and US$104 million included in 'Net other operating income' and 'Finance income', respectively, and a foreign exchange loss of US$75 million included in 'Finance costs'. Separately, in the Group's Balance Sheet the devaluation impact on net assets was reflected in a significant one-off reduction, of about US$1.3 billion, in the currency translation reserve within equity.

On 30 December 2009 the Central Bank of Kazakhstan announced that, going forward, it would seek to maintain a wider currency range of KZT127.5/US$ to KZT165/US$. If the tenge were to appreciate from the level of 2009 this would add to the reported costs base of the Group, as it represents approximately 75% of the Group's Kazakhstani businesses cost of sales.

In H1 2010 the Kazakhstani tenge to US dollar exchange rate has remained broadly comparable with that in H1 2009. This has led to a significant decrease in foreign exchange gains and losses.

Acquisitions
In H2 2009 the Group acquired 96.05% of Central African Mining & Exploration Company (CAMEC), an African-focused emerging mining company with operations centred around copper and cobalt mining and exploration, trucking and logistics, as well as other exploration interests. A buyout on minority interests in H1 2010 increased the Group's holding in CAMEC to 96.88%.

In April 2010, the Group completed the acquisition of 100% of Enya Holdings BV, which holds a 90% interest in Chambishi Metals PLC, a Zambian copper and cobalt producer, together with a 100% interest in Comit Resources FZE ('Comit'). Comit is a Dubai-based marketing and sales company that historically has handled Chambishi's copper and cobalt sales.

In May 2010, the Group acquired an initial 12.2% interest in Northam Platinum Limited ('Northam'), a major South African platinum producer, from Northam's major shareholder Mvelaphanda Resources Limited, for a cash consideration of ZAR50 per share, equating to a total consideration of ZAR2.2 billion (approximately US$296 million). As at 30 June 2010 the interest had been increased to 12.64%. Subsequent to the end of the period the interest was increased and currently stands at 14.35%.

In June 2010 the Group completed the purchase of 100% of Société Minière de Kabolela et Kipese Sprl ('SMKK'). Originally 50% of SMKK was acquired as part of the acquisition of Central African Mining & Exploration Company PLC ('CAMEC') in November 2009. SMKK is the title holder of some exploration permit assets contiguous to the Group's existing operations in the DRC.

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 DTR 4.2.7R and DTR 4.2.8R, namely:

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

The Directors of Eurasian Natural Resources Corporation PLC ('the Company') are listed in the Annual Report for the year ended 31 December 2009 and a list of current Directors is maintained on the Company's website at: www.enrc.com. Since the year end there have been the following changes:

- Professor Dr Dieter Ameling joined the Board as a Non-executive Director on 26 January 2010.
- Mr Jim Cochrane joined the Board as an Executive Director on 13 August 2010.

By order of the Board

Felix J Vulis
Chief Executive Officer
18 August 2010

INDEPENDENT REVIEW REPORT TO EURASIAN NATURAL RESOURCES CORPORATION PLC ('the Company')

Introduction

We have been engaged by the Company to review the condensed set of consolidated interim financial statements in the Announcement of 2010 Half Year Results for the six months ended 30 June 2010, 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 2010 Half Year Results and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of consolidated interim financial statements.

Directors' responsibilities

The Announcement of 2010 Half Year Results is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the Announcement of 2010 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 consolidated financial statements of the Company are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of consolidated interim financial statements included in this Announcement of 2010 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 set of consolidated interim financial statements in the Announcement of 2010 Half Year Results based on our review. This report, including the conclusion, has been prepared for and only for the Company for the purpose of the Disclosure and Transparency Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of consolidated interim financial statements in the Announcement of 2010 Half Year Results for the six months ended 30 June 2010 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
18 August 2010

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CONSOLIDATED INTERIM INCOME STATEMENT (Unaudited)

In millions of US$	Note	Six months ended 30 June 2010	2009
Revenue		**3,045**	1,695
Cost of sales	7	**(1,322)**	(910)
Gross profit		**1,723**	785
Distribution costs	8	**(241)**	(154)
Selling, general and administrative expenses	9	**(220)**	(146)
Other operating income		**12**	243
Other operating expense		**(36)**	(26)
Operating profit		**1,238**	702
Finance income		**37**	148
Finance cost		**(39)**	(127)
Share of (loss)/profit of joint venture and associates		**(8)**	28
Profit before income tax		**1,228**	751
Income tax expense	10	**(330)**	(189)
Profit for the period		**898**	562
Profit/(loss) attributable to:			
Equity holders of the Company		**902**	553
Non-controlling interests		**(4)**	9
Earnings per share – basic and diluted (US cents)		**70**	43
Interim dividend per share – (US cents)	16	**12.5**	6.0

CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Unaudited)

In millions of US$	Six months ended 30 June **2010**	2009
Profit for the period	**898**	562
Other comprehensive income		
Fair value (losses)/ gains on available-for-sale financial assets	**(44)**	3
Cash flow hedges	**-**	(16)
Currency translation differences	**(3)**	(1,340)
Income tax on other comprehensive income	**-**	3
Other comprehensive expense for the period, net of tax	**(47)**	(1,350)
Total comprehensive income/(expense) for the period	**851**	(788)
Total comprehensive income/(expense) attributable to:		
Equity holders of the Company	**855**	(773)
Non-controlling interests	**(4)**	(15)

CONSOLIDATED INTERIM BALANCE SHEET (Unaudited)

		As at		
In millions of US$	Note	**30 June 2010**	31 December 2009	30 June 2009
Assets				
Non-current assets				
Property, plant and equipment	11	**6,133**	5,470	3,885
Goodwill and intangible assets		**756**	610	415
Investments in joint venture and associates		**560**	615	529
Other financial assets		**293**	65	10
Loans receivable		**157**	158	65
Deferred tax assets		**33**	43	33
Other non-current assets		**282**	187	265
Total non-current assets		**8,214**	7,148	5,202
Current assets				
Assets held for sale		**64**	6	5
Inventories		**769**	607	502
Trade and other receivables		**1,157**	959	1,155
Other financial assets		**10**	50	23
Loans receivable		**25**	17	35
Cash and cash equivalents		**727**	830	1,650
Total current assets		**2,752**	2,469	3,370
Total assets		**10,966**	9,617	8,572
Equity				
Share capital and share premium		**3,257**	3,257	3,257
Reserves		**5,236**	4,456	3,897
Attributable to the equity holders of the Company		**8,493**	7,713	7,154
Non-controlling interests		**289**	291	86
Total equity		**8,782**	8,004	7,240
Liabilities				
Non-current liabilities				
Borrowings		**459**	68	229
Deferred tax liabilities		**596**	457	135
Asset retirement obligations		**152**	108	98
Employee benefit obligations		**48**	46	34
Other non-current liabilities		**3**	4	3
Total non-current liabilities		**1,258**	683	499
Current liabilities				
Liabilities held for sale		**14**	-	-
Borrowings		**198**	360	356
Trade and other payables		**461**	417	306
Derivative financial instruments		**-**	-	48
Current income tax liability		**132**	63	17
Other taxes payable		**121**	90	106
Total current liabilities		**926**	930	833
Total liabilities		**2,184**	1,613	1,332
Total liabilities and equity		**10,966**	9,617	8,572

CONSOLIDATED INTERIM CASH FLOW STATEMENT (Unaudited)

In millions of US$	Six months ended 30 June 2010	2009
Cash flow from operating activities		
Profit before income tax for the period	**1,228**	751
Adjustments for:		
Depreciation, amortisation and impairment	**197**	136
Loss on disposal of property, plant and equipment	**5**	1
Share of loss/(profit) from joint venture and associates	**8**	(28)
Share based payments	**2**	2
Net finance cost	**18**	8
Net foreign exchange gain	**(17)**	(90)
	1,441	780
Changes in inventories	**(131)**	130
Changes in trade and other receivables	**(230)**	(46)
Changes in trade and other payables	**17**	(89)
Changes in asset retirement obligations	**23**	(1)
Changes in employee benefit obligations	**(8)**	4
Changes in other taxes payable	**29**	64
Cash generated from operating activities	**1,141**	842
Interest paid	**(13)**	(15)
Interest received	**16**	31
Income tax paid	**(215)**	(355)
Net cash generated from operating activities	**929**	503
Cash flow from investing activities		
Purchase of property, plant and equipment	**(538)**	(441)
Proceeds from sales of property, plant and equipment	**5**	6
Purchase of intangible assets	**-**	(4)
Purchase of financial assets available for sale	**(311)**	-
Proceeds from sale of financial assets held to maturity	**50**	4
Purchase of an option to acquire a business	**-**	(10)
Sale of financial assets at fair value through profit or loss	**-**	46
Cash deposited as guarantee	**-**	(11)
Purchase of associate	**-**	(207)
Acquisition of subsidiaries, net of cash acquired	**(346)**	(6)
Purchase of non-controlling interests	**(9)**	(9)
Loans and deposits granted to related parties	**(31)**	(81)
Loans and deposits granted	**(36)**	(105)
Proceeds from repayment of loans and deposits to related parties	**9**	1
Proceeds from repayment of other loans and deposits	**20**	1
Net cash used for investing activities[1]	**(1,187)**	(816)
Cash flow from financing activities		
Bank borrowings – proceeds	**416**	30
Bank borrowings – repayments	**(184)**	(176)
Bond repayments	**(1)**	(1)
Dividends paid to equity holders of the Company	**(77)**	(247)
Dividends paid to non-controlling interests	**-**	(10)
Net cash generated from/(used for) financing activities[1]	**154**	(404)
Net decrease in cash and cash equivalents	**(104)**	(717)
Cash and cash equivalents at beginning of period	**830**	2,493
Exchange gain/(loss) on cash and cash equivalents	**1**	(126)
Cash and cash equivalents at end of period	**727**	1,650

[1] Investing and financing transactions that did not require the use of cash and cash equivalents were excluded from the consolidated cash flow statement. Non-cash transactions consisted of:

i) The acquisition of property, plant and equipment in exchange for inventory of US$2 million for the six months ended 30 June 2010 (2009: US$1 million);

ii) In January 2010, the Group converted a US$27 million loan to Bahia Minerals BV into an equity investment in Bahia Minerals BV;

iii) In April 2010, the Group decided not to execute a US$10 million option to acquire Masalskoe GOK LLP and has requested a refund of the option consideration. As a result the option has been reclassified as a loan receivable and will remain so until the form of the refund is determined.

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (Unaudited)

	Attributable to equity holders of the Company								
In millions of US$	Share capital	Share premium	Retained earnings	Translation reserve	Hedge reserve	Revaluation reserve of financial assets available-for-sale	Total	Non-controlling interests	Total equity
Balance as at 1 January 2009	258	2,999	4,587	357	(21)	(8)	8,172	126	8,298
Profit for the period	-	-	553	-	-	-	553	9	562
Fair value gains on available-for-sale financial assets, net of tax	-	-	-	-	-	3	3	-	3
Cash flow hedges, net of tax	-	-	-	-	(13)	-	(13)	-	(13)
Currency translation differences[1]	-	-	-	(1,316)	-	-	(1,316)	(24)	(1,340)
Total comprehensive expense for the period	-	-	553	(1,316)	(13)	3	(773)	(15)	(788)
Dividends paid	-	-	(247)	-	-	-	(247)	(16)	(263)
Share-based payments	-	-	2	-			2	-	2
Other changes in non-controlling interests[2]	-	-	-	-	-	-	-	(9)	(9)
Balance as at 30 June 2009	258	2,999	4,895	(959)	(34)	(5)	7,154	86	7,240
Balance as at 1 January 2010	**258**	**2,999**	**5,320**	**(862)**	**-**	**(2)**	**7,713**	**291**	**8,004**
Profit for the period	**-**	**-**	**902**	**-**	**-**	**-**	**902**	**(4)**	**898**
Currency translation differences	**-**	**-**	**-**	**(3)**	**-**	**-**	**(3)**	**-**	**(3)**
Fair value losses on available-for-sale financial assets, net of tax	**-**	**-**	**-**	**-**	**-**	**(44)**	**(44)**	**-**	**(44)**
Total comprehensive income for the period	**-**	**-**	**902**	**(3)**	**-**	**(44)**	**855**	**(4)**	**851**
Dividends paid	**-**	**-**	**(77)**	**-**	**-**	**-**	**(77)**	**-**	**(77)**
Share-based payments	**-**	**-**	**2**	**-**	**-**	**-**	**2**	**-**	**2**
Other changes in non-controlling interests[2]	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2**	**2**
Balance as at 30 June 2010	**258**	**2,999**	**6,147**	**(865)**	**-**	**(46)**	**8,493**	**289**	**8,782**

[1] The significant decrease in the translation reserve is a result of the devaluation of the Kazakhstani tenge against the US dollar in 2009.
[2] Includes the buy out of non-controlling interests in Serov in 2009 and in CAMEC in 2010 and the recognition of non-controlling interests arising on the acquisition of Enya in 2010.

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 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 2010 comprises the Company and its subsidiaries (the ‘Group’) and the Group’s interest in a joint venture and associates.

The condensed consolidated interim financial information for the six months ended 30 June 2010 was approved for issue on 18 August 2010.

The condensed consolidated interim financial information for the six months ended 30 June 2010 does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2009 were approved by the Board of directors on 12 April 2010 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 2010 has been reviewed, not audited.

The condensed consolidated interim financial information for the six months ended 30 June 2010 has been prepared in accordance with the Disclosure and Transparency Rules (‘DTR’) of the United Kingdom (‘UK’) 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 information for the six months ended 30 June 2010 should be read in conjunction with the annual financial statements for the year ended 31 December 2009, which have been prepared in accordance with International Financial Reporting Standards (‘IFRS’), as adopted by the European Union (‘EU’), the Listing Rules of the United Kingdom Financial Services Authority (‘FSA’), the Companies Act 2006 applicable to companies reporting under IFRS and Article 4 of the European Union IAS Regulation.

Where the Group has changed the presentational format of these condensed consolidated financial statements to further improve the comparability of its results, comparative figures have been changed accordingly.

2. ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those described in the annual financial statements for the year ended 31 December 2009.

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 2010:

Accounting for business combinations
The Group has adopted IFRS 3 (revised), ‘Business combinations’, and consequential amendments to IAS 27, ‘Consolidated and separate financial statements’, IAS 28, ‘Investments in associates’, and IAS 31, ‘Interests in joint ventures’, which are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with IFRS 3. In accordance with revised standard, the Group elects on a transaction-by-transaction basis, to measure non-controlling interests (previously minority interest) at the value of their proportion of identifiable assets and liabilities or at full fair value. The first approach results in measurement of goodwill little different from previous IFRS 3; the second approach records goodwill on the non-controlling interest as well as on the acquired controlling interest. 'Negative goodwill' or 'bargain purchase gain' is recognised immediately in profit and loss.

In addition, the consideration transferred in a business combination is measured at fair value, with contingent consideration recognised at fair value as part of that consideration transferred. The obligation to pay contingent consideration is classified as a liability or equity on the basis of the terms and conditions of the contingent consideration.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in conjunction with a business combination are expensed as incurred.

In addition to IFRS 3 (revised), the Group has also adopted IAS 27 (revised), 'Consolidated and Separate Financial Statements', at the same time. In accordance with revised standard, the effects of all transactions with non-controlling interests are recorded in equity if there is no change in control, and these transactions no longer result in goodwill or gains and losses. When control is lost, any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in the income statement. Also, total comprehensive income is attributed to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Other New Pronouncements

IFRS 2 (Amendment)	IFRS 2 'Share-based Payments' - group cash-settled share based payment transactions
IAS 39 (Amendment)	IAS 39 'Financial instruments: Recognition and Measurement' – eligible hedged items (effective with retrospective application)
IAS 39 and IFRIC 9 (Amendment)	IAS 39 'Financial instruments: Recognition and Measurement' - embedded derivatives
IFRIC 17	IFRIC 17 – Distribution of Non-cash Assets to Owners

In addition, the Group has also adopted various Improvements to International Financial Reporting Standards (issued in April 2009; amendments to IAS 38, IFRIC 9 and IFRIC 1 which are effective for annual periods beginning on or after 1 July 2009; amendments to IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17 and IAS 36 which are effective for annual periods beginning on or after 1 January 2010).

The new standards, amendments to standards and interpretations above do not have significant impact on the Group's financial position or performance.

3. ESTIMATES

The preparation of this condensed consolidated interim financial information for the six months ended 30 June 2010 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 this condensed consolidated interim financial information for the six months ended 30 June 2010, 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 consolidated financial statements as at and for the year ended 31 December 2009.

4. SEGMENT INFORMATION

The identified operating and reportable segments of the Group are the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2009.

Following their acquisition in April 2010, Enya Holdings BV, Comit Resources FZE and Société Minière de Kabolela et Kipese Sprl have been aggregated with the Other Non-ferrous reportable segment. Refer note 6 for detail.

Six months ended 30 June 2010 Segment information In millions of US$	Ferroalloys Division	Iron Ore Division	Alumina and Aluminium Division	Other Non-ferrous Division	Energy Division	Logistics Division	Corporate	Intra Group Eliminations	Total
Revenue	1,394	864	433	218	100	30	6	-	3,045
Inter-segment revenue	4	-	10	-	176	56	-	(246)	-
Segment revenue	**1,398**	**864**	**443**	**218**	**276**	**86**	**6**	**(246)**	**3,045**
Segment operating profit/(loss)	**582**	**450**	**78**	**14**	**140**	**14**	**(40)**	**-**	**1,238**
Finance income									**37**
Finance cost									**(39)**
Share of loss 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)**	**(22)**	**(22)**	**(8)**	**(4)**	**-**	**(197)**
Underlying EBITDA (refer note 15)	**636**	**493**	**122**	**36**	**162**	**22**	**(36)**	**-**	**1,435**
Capital expenditure	**96**	**119**	**120**	**21**	**100**	**3**	**24**	**-**	**483**
Segment assets	**2,621**	**1,639**	**1,918**	**2,097**	**833**	**225**	**487**	**(73)**	**9,747**
Segment liabilities	**(312)**	**(184)**	**(103)**	**(116)**	**(56)**	**(46)**	**(55)**	**73**	**(799)**
									8,948
Unallocated term deposits									**131**
Investments in joint venture and associates									**560**
Other financial assets									**303**
Loans receivable									**182**
Borrowings									**(657)**
Deferred and current income tax assets									**43**
Deferred and current income tax liabilities									**(728)**
Total equity									**8,782**
Average number of employees	**24,560**	**17,540**	**14,200**	**5,610**	**6,650**	**2,200**	**330**	**-**	**71,090**

Six months ended 30 June 2009
Segment information

In millions of US$	Ferroalloys Division	Iron Ore Division	Alumina and Aluminium Division	Energy Division	Logistics Division	Corporate	Intra Group Eliminations	**Total**
Revenue	861	469	250	99	16	-	-	1,695
Inter-segment revenue	1	-	1	80	48	-	(130)	-
Segment revenue	**862**	**469**	**251**	**179**	**64**	**-**	**(130)**	**1,695**
Segment operating profit/(loss)	**436**	**220**	**(22)**	**81**	**10**	**(23)**	**-**	**702**
Finance income								148
Finance cost								(127)
Share of profit of joint venture and associate								28
Profit before income tax								751
Income tax expense								(189)
Profit for the period								562
Depreciation, amortisation and impairment	(43)	(37)	(30)	(17)	(8)	(1)	-	(136)
Underlying EBITDA (refer note 15)	311	212	17	92	19	(23)	-	628
Capital expenditure	113	112	169	148	13	4	-	559
Segment assets	2,283	1,443	1,693	692	215	591	(500)	6,417
Segment liabilities	(598)	(190)	(111)	(41)	(35)	(122)	500	(597)
								5,820
Unallocated assets								1
Unallocated cash and cash equivalents and term deposits								1,441
Investments in joint venture and associate								529
Other financial assets								23
Loans receivable								100
Borrowings								(585)
Deferred and current income tax assets								63
Deferred and current income tax liabilities								(152)
Total equity								7,240
Average number of employees	23,580	17,020	14,080	6,640	2,580	260	-	64,160

5. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

During the six months ended 30 June 2010 and 30 June 2009, the Group entered into the following transactions in the ordinary course of business with related parties:

In millions of US$	Founder Shareholders[1]		Joint venture		Associates		Total	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009
Revenue from sale of goods	**24**	1	**-**	-	**-**	-	**24**	1
Revenue from the provision of services	**1**	4	**-**	-	**-**	-	**1**	4
Purchases of goods	**28**	18	**-**	-	**10**	9	**38**	27
Purchases of services	**41**	30	**-**	-	**-**	-	**41**	30
Finance income	**6**	2	**2**	1	**-**	-	**8**	3
Finance cost	**1**	-	**11**	-	**-**	-	**12**	-
Purchase of property, plant and equipment	**2**	4	**-**	-	**-**	-	**2**	4

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

The outstanding balances with related parties as at 30 June 2010 and 31 December 2009 are as follows:

In millions of US$	Founder Shareholders[1] Eurasian Bank JSC		Founder Shareholders[1] Other		Joint venture		Associates		Other		Total	
	2010	2009	**2010**	2009	2010	2009	2010	2009	2010	2009	**2010**	2009
Non-current assets												
Loans receivable	**2**	-	**-**	3	**55**	60	**-**	-	**-**	-	**57**	63
Other financial assets[2]	**4**	4	**-**	-	**-**	-	**-**	-	**-**	-	**4**	4
Other non-current assets	**14**	8	**-**	-	**-**	-	**-**	-	**-**	-	**14**	8
Current assets												
Trade and other receivables[3]	**109**	123	**21**	36	**-**	-	**9**	-	**-**	-	**139**	159
Loans receivable	**-**	-	**10**	2	**-**	-	**-**	-	**10**	-	**20**	2
Cash and cash equivalents	**134**	135	**-**	-	**-**	-	**-**	-	**-**	-	**134**	135
Current liabilities												
Borrowings	**-**	1	**-**	-	**-**	-	**-**	-	**-**	-	**-**	1
Trade and other payables	**-**	-	**10**	14	**-**	-	**-**	-	**-**	-	**10**	14

[1] Includes all entities under control of the Founder Shareholders.
[2] Other financial assets include restricted cash with Eurasian Bank of US$4 million (2009: US$4 million) predominantly for the retirement of assets in accordance with the requirements of contracts on subsurface use.
[3] Trade and other receivables with Eurasian Bank JSC include letters of credit of US$7 million (2009: US$14 million) and term deposits of US$102 million (2009: US$109 million).

Business combinations
In April 2010 the Group acquired Enya Holdings BV and Comit Resources FZE from International Mineral Resources BV, a company owned by the Founder Shareholders. Refer note 6 for further detail.

Debt to equity conversion
In January 2010, the Group converted a US$27 million loan to Bahia Minerals BV into an equity investment in Bahia Minerals BV

6. BUSINESS COMBINATIONS

Enya Holdings BV and Comit Resources FZE

The Group acquired 100% of Enya Holdings BV ('Enya') which holds a 90% interest in Chambishi Metals PLC ('Chambishi'), a Zambian copper and cobalt producer. The Group also acquired a 100% interest in Comit Resources FZE ('Comit'), a Dubai-based marketing and sales company that historically has handled Chambishi's copper and cobalt sales. The aggregate cash consideration for the transaction amounted to US$300 million. The acquisition of Enya and Comit was effectively completed and control obtained by the Group in April 2010.

The fair values of the identifiable assets and liabilities of Enya and Comit as at the date of acquisition were provisionally estimated as follows:

In millions of US$	Provisional fair values at acquisition date
Property, plant and equipment	**261**
Inventories	**41**
Loans receivable	**10**
Trade and other receivables	**5**
Total assets	**317**
Deferred tax liabilities	**(62)**
Trade and other payables	**(38)**
Asset retirement obligations	**(4)**
Borrowings	**(2)**
Total liabilities	**(106)**
Net assets	**211**
Non-controlling interests[1]	**(11)**
Goodwill	**96**
Net attributable assets	**296**
Consideration:	
Purchase consideration settled in cash	**300**
Cash and cash equivalents acquired	**(4)**
Cash outflow on acquisition	**296**

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

The goodwill recognised on acquisition is attributable to the improved cost position achievable by integrating the copper smelting businesses of Chambishi with copper mining operations of the Group in the DRC. None of the recognised goodwill is expected to be deductible for income tax purposes.

Acquisition costs of US$6 million have been expensed and included in selling, general, and administrative expenses in the income statement.

The trade and other receivables include gross contractual amounts due of US$2 million, of which none was expected to be uncollectible at the acquisition date.

The loans receivable comprise gross contractual amounts due of US$12 million, of which none was expected to be uncollectible at the acquisition date.

The Group has chosen to recognise the non-controlling interests for this acquisition based on their proportionate share of the identifiable net assets of the acquiree.

The acquired businesses contributed revenues of US$36 million and loss after income tax of US$6 million from the date of acquisition to 30 June 2010. If the acquisition had taken place at the beginning of the year, the impact to the Group's revenue would have been an additional US$28 million, whilst the impact to profit after income tax would have been an additional loss of US$9 million.

Société Minière de Kabolela et Kipese Sprl
A 50% interest in Société Minière de Kabolela et Kipese Sprl ('SMKK') was acquired on 9 November 2009 as part of the CAMEC acquisition. SMKK is the title holder of some exploration permit assets contiguous to the Group's existing operations in the DRC. At 31 December 2009, the provisional carrying value of the Group's investment in SMKK was US$75 million. This investment was accounted for as an associate using the 'equity method'. In Q4 2009 the Group acquired an option, for a cash consideration of US$25 million, to purchase the outstanding 50% of the issued share capital of SMKK by acquiring the entire issued share capital of Emerald Star Enterprises Limited ('ESEL'), the owner of the outstanding 50% of SMKK. The Group exercised this option and the acquisition of ESEL was effectively completed and control obtained by the Group in June 2010. The total cash consideration in respect of the outstanding SMKK shares, inclusive of the US$25 million option, amounted to US$75 million.

The fair values of the identifiable assets and liabilities of SMKK and ESEL as at the date of acquisition were provisionally estimated as follows:

In millions of US$	Provisional fair values at acquisition date
Property, plant and equipment	**155**
Total assets	**155**
Deferred tax liabilities	**(47)**
Trade and other payables	**(4)**
Total liabilities	**(51)**
Net assets	**104**
Goodwill	**46**
Net attributable assets	**150**
Consideration:	
Purchase consideration settled in cash	**50**
Fair value of exercised option at acquisition date	**25**
Fair value of initial 50% interest at acquisition date	**75**
Total consideration	**150**

The goodwill recognised on acquisition is the result of the requirement to recognise a deferred tax liability on the acquired mineral rights (within property, plant and equipment). None of the recognised goodwill is expected to be deductible for income tax purposes.

There were no significant acquisition costs incurred in relation to the acquisition of the remaining 50% interest.

The acquired businesses contributed nil revenues and profit after income tax from the date of acquisition to 30 June 2010. If the acquisition had taken place at the beginning of the year, the impact to the Group's revenue and profit after income tax would have been nil.

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 undertaking a detailed review to determine 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.

CAMEC – Acquisition of non-controlling interests

During the six months ended 30 June 2010 the Group completed a partial buyout of non-controlling interests in CAMEC for a cash consideration of US$9 million. As a result, the Group's interest in CAMEC increased to 96.88% of CAMEC's issued share capital. The Group recognised a decrease in non-controlling interests of US$9 million, and no impact on retained earnings.

7. COST OF SALES

In millions of US$	Six months ended 30 June 2010	2009
Materials and components used	**(548)**	(326)
Staff costs	**(270)**	(164)
Depreciation, amortisation and impairment	**(189)**	(132)
Changes in inventories of finished goods and work-in-progress	**85**	(75)
Other	**(400)**	(213)
Total cost of sales	**(1,322)**	(910)

8. DISTRIBUTION COSTS

In millions of US$	Six months ended 30 June 2010	2009
Transportation costs	**(192)**	(125)
Other	**(49)**	(29)
Total distribution costs	**(241)**	(154)

9. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

In millions of US$	Six months ended 30 June 2010	2009
Staff costs	**(84)**	(65)
Professional and other services	**(25)**	(11)
Sponsorship and donations	**(28)**	(11)
Depreciation, amortisation and impairment	**(8)**	(4)
Other	**(75)**	(55)
Total selling, general and administrative expenses	**(220)**	(146)

10. INCOME TAXES

Income tax expense comprises the following:

In millions of US$	Six months ended 30 June 2010	2009
Current income tax	**(257)**	(157)
Withholding taxes	**(26)**	(47)
Deferred income tax	**(47)**	15
Income tax expense for the period	**(330)**	(189)

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 2010.

The Effective Tax Rate for the period of 26.9% (2009: 25.2%) was higher than the applicable Corporate Income Tax ('CIT') rate of 20% mainly due to withholding taxes on repatriation of dividends and Excess Profits Tax in Kazakhstan. The applicable rate of 20% refers to the CIT rate in Kazakhstan, where the majority of the Group's operations are located.

11. PROPERTY, PLANT AND EQUIPMENT

Movements in the carrying amount of property, plant and equipment are as follows:

Six months ended 30 June 2010

In millions of US$	Note	Freehold land	Buildings and mining construction	Plant and equipment	Vehicles	Assets under construction	Total
Cost at 1 January 2010		**44**	**2,296**	**2,670**	**713**	**1,126**	**6,849**
Additions		-	14	30	46	393	483
Additions on acquisitions	6	-	162	239	1	14	416
Change in asset retirement costs		-	5	-	-	6	11
Transfers		-	61	92	30	(183)	-
Transfers to assets held for sale		-	(15)	(49)	(8)	-	(72)
Disposals		-	(9)	(6)	(4)	(3)	(22)
Exchange differences		-	(17)	14	4	6	7
At 30 June 2010		**44**	**2,497**	**2,990**	**782**	**1,359**	**7,672**
Accumulated depreciation at 1 January 2010		**-**	**(300)**	**(804)**	**(275)**	**-**	**(1,379)**
Depreciation charge		-	(42)	(126)	(40)	-	(208)
Transfers to assets held for sale			9	29	5		43
Disposals		-	2	7	3	-	12
Exchange differences		-	(2)	(4)	(1)	-	(7)
At 30 June 2010		**-**	**(333)**	**(898)**	**(308)**	**-**	**(1,539)**
Carrying value at 1 January 2010		44	1,996	1,866	438	1,126	5,470
Carrying value at 30 June 2010		**44**	**2,164**	**2,092**	**474**	**1,359**	**6,133**

Six months ended 30 June 2009

In millions of US$	Freehold land	Buildings and mining construction	Plant and equipment	Vehicles	Assets under construction	Total
Cost at 1 January 2009	**47**	**1,414**	**2,519**	**713**	**945**	**5,638**
Additions	1	3	21	12	522	559
Additions on acquisitions	-	1	1	-	-	2
Change in asset retirement costs	-	29	3	-	5	37
Transfers	-	14	99	41	(154)	-
Transfers to assets held for sale	-	-	-	-	(4)	(4)
Disposals	-	(2)	(9)	(5)	(6)	(22)
Exchange differences	(10)	(269)	(498)	(144)	(195)	(1,116)
At 30 June 2009	**38**	**1,190**	**2,136**	**617**	**1,113**	**5,094**
Accumulated depreciation at 1 January 2009	**-**	**(302)**	**(778)**	**(276)**	**-**	**(1,356)**
Depreciation charge	-	(26)	(89)	(29)	-	(144)
Disposals	-	2	9	4	-	15
Exchange differences	-	61	158	57	-	276
At 30 June 2009	**-**	**(265)**	**(700)**	**(244)**	**-**	**(1,209)**
Carrying value at 1 January 2009	47	1,112	1,741	437	945	4,282
Carrying value at 30 June 2009	**38**	**925**	**1,436**	**373**	**1,113**	**3,885**

Prepayments for property, plant and equipment and related services as at 30 June 2010 totalled US$217 million (31 December 2009: US$147 million). The Group’s capital expenditure commitments as at 30 June 2010 amounted to US$337 million (31 December 2009: US$268 million).

12. OTHER FINANCIAL ASSETS

Northam Platinum Limited

On 12 May 2010 the Group acquired a 12.2% interest in Northam Platinum Limited ('Northam'), a major South African platinum producer, from Northam's major shareholder Mvelaphanda Resources Limited, for a cash consideration of ZAR50 per share, equating to a total consideration of ZAR2.2 billion (approximately US$296 million). The Group also acquired additional Northam shares on market at an average price of ZAR47 per share for a total consideration of ZAR74.4 million (approximately US$9 million). The Group's total interest in Northam as at 30 June 2010 was 12.64%. Transaction costs amounted to US$6 million, bringing the total cash outflow for the Group's investment in Northam to US$311 million.

The investment in Northam is classified as a non-current available-for-sale financial asset.

13. BORROWINGS

A reconciliation of current and non-current borrowings from 1 January 2010 to 30 June 2010 is presented below:

In US$ millions	
Balance as at 1 January 2010	428
New issues	416
Repayments	(184)
Other movements	(3)
Balance as at 30 June 2010	**657**

Export credit facility

On 16 February 2010, the Group entered into an export credit facility agreement for the amount of €47.6 million. The facility is a 10 year draw-down facility and bears an interest rate of six-month EURIBOR plus 1.5%. Euler Hermes Kreditversicherungs AG has provided credit insurance to support the facility. The facility will be used to finance some of the Group's capital expenditure.

Development Bank of Kazakhstan

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, will bear an interest rate of 4% and is fully drawn as at 30 June 2010. The loan is secured by a corporate guarantee issued by ENRC plc and a pledge over 51% of shares of Kazakhstan Aluminium Smelter JSC.

Euro Medium Term Notes

On 13 May 2010 the Group established a Euro Medium Term Note ('EMTN') Programme for US$3 billion. Subject to relevant laws and regulations notes can be issued in a variety of forms and for a range of maturity periods. Proceeds from any issues under the programme may be used to fund the Group's capital expenditure programme, potential future acquisitions and for general corporate purposes. There were no issues outstanding under the programme as at 30 June 2010.

14. CONTINGENCIES

At the end of 2009, the Kazakhstani 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 are confident that the company was fully compliant with the transfer pricing legislation prevailing at the time, have appealed against the assessment, and are defending the adopted filing position. No provision against additional tax is considered to be necessary. The Kazakhstani tax authorities are currently considering the Group's appeal against the assessment.

15. RECONCILIATION OF NON-GAAP MEASURES

I. Underlying EBIT, EBITDA and EBITDA margin

In millions of US$ (unless stated otherwise)	Six months ended 30 June 2010	2009
Profit for the period	**898**	562
Adjustments for:		
Finance cost	**39**	127
Income tax expense	**330**	189
Share of loss/(profit) of joint venture and associates[1]	**8**	(28)
Finance income	**(37)**	(148)
Foreign exchange gain resulting from devaluation of Kazakhstani tenge	**-**	(210)
Underlying EBIT[2]	**1,238**	492
Add back:		
Depreciation, amortisation and impairment	**197**	136
Underlying EBITDA[3]	**1,435**	628
Divide by:		
Revenue	**3,045**	1,695
Underlying EBITDA Margin	**47.1%**	37.1%

[1] Joint venture and associates for 2009 and 2010 include BML (joint venture) from 19 May 2009, Shubarkol (associate) from 16 February 2009 and Earth Centre Investments (Pty) (associate) from 9 November 2009 and SMKK (associate) from 9 November 2009 until 22 June 2010.
[2] Underlying EBIT: profit before finance income, finance cost, income tax expense, net gains and losses on derivatives not qualifying for hedge accounting, share of profit or loss of joint venture and associates and the impact of the devaluation of the Kazakhstani tenge in 2009.
[3] 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 venture and associates and the impact of the devaluation of the Kazakhstani tenge in 2009.

II. Return on capital employed

In millions of US$ (unless stated otherwise)	Six months ended 30 June 2010	2009
Underlying EBIT	**1,238**	492
Divide by:		
Capital employed weighted average[1]		
Borrowings	**543**	656
Equity including non-controlling interests	**8,393**	7,769
Total capital employed weighted average	**8,936**	8,425
Return on capital employed	***13.9%***	*5.8%*

[1] The capital employed used in this calculation is a two point average based on the 2010 half year balance sheet and 31 December 2009 balance sheet.

III. Like-for-like reconciliation

In millions of US$	Six months ended 30 June **2010**	2009	1H 2010 vs. 1H 2009 US$ million	%
Like-for-like revenue				
Revenue	**3,045**	1,695		
Less:				
Other Non-ferrous Division revenue	**(218)**	-		
Like-for-like revenue	**2,827**	1,695	1,132	*66.8%*

In millions of US$	**2010**	2009	US$ million	%
Like-for-like cost of sales				
Cost of sales	**1,322**	910		
Less:				
Other Non-ferrous Division cost of sales	**(169)**	-		
Like-for-like cost of sales	**1,153**	910	243	*26.7%*

In millions of US$	**2010**	2009	US$ million	%
Like-for-like total costs				
Total costs				
Cost of sales	**1,322**	910		
Distribution costs	**241**	154		
Selling, general and administrative expenses	**220**	146		
Other operating income	**(12)**	(243)		
Other operating expense	**36**	26		
Total costs	**1,807**	993		
Less:				
Foreign exchange gain resulting from devaluation of Kazakhstani tenge	**-**	210		
Other Non-ferrous Division total costs	**(204)**	-		
Other entities	**(6)**	-		
Like-for-like total costs	**1,597**	1,203	394	*32.8%*

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

In millions of US$	As at 30 June **2010**	2009
Gross available funds		
Cash and cash equivalents	**727**	1,650
Term deposits (included in Trade and other receivables)	**128**	279
Other financial assets	**303**	33
Less:		
Non-current available-for-sale financial asset	**(273)**	-
Other restricted financial assets	**(17)**	-
Investment in unquoted option	**-**	(10)
Total gross available funds	**868**	1,952
Borrowings – current	**(459)**	(356)
Borrowings – non-current	**(198)**	(229)
Total net available funds	**211**	1,367
Net cash		
Cash and cash equivalents	**727**	1,650
Borrowings – current	**(459)**	(356)
Borrowings – non-current	**(198)**	(229)
Total net cash	**70**	1,065

16. EVENTS AFTER THE BALANCE SHEET DATE

2010 Interim Dividend

The Board has approved a 2010 interim dividend of US 12.5 cents per share amounting to US$161 million, which will be paid on 7 October 2010 to shareholders on the register at the close of business on 27 August 2010.

Northam Platinum Limited

On 5 July 2010 the Group acquired additional shares in Northam Platinum Limited ('Northam'), a major South African platinum producer, at an average price of ZAR49 per share for a consideration of ZAR303 million (approximately US$40 million). Including this additional acquisition the Group's total interest in Northam increased to 14.35% as at 17 August 2010.

Congo Cobalt Corporation Sprl

Congo Cobalt Corporation Sprl ('CCC') is a legal entity registered in the Democratic Republic of Congo that provides mining contracting services to Boss Mining Sprl. The Group is in the process of executing the takeover of the company and its activities. Consideration of US$4.5 million has been prepaid in cash in connection with this transaction.

SHAREHOLDER INFORMATION

Registered Offices

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Telephone: +44 (0) 20 7389 1440
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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 17 August, 2010, the Company had been advised, in accordance with the Disclosure and Transparency Rules of the FSA, of the following notifiable interests (whether directly or indirectly held) in its voting rights:

	Number of voting rights	%
Kazakhmys PLC together with Kazakhmys Eurasia BV	334,824,860	26.00
Mr Patokh Chodiev	187,836,250	14.59
Mr Alijan Ibragimov(1)	150,836,250	11.71
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 Ibragimov's total holdings amount to 187,836,250 shares, 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 2010	147.55	147.26
Year ended 31 December 2009	148.46	147.50
Six months ended 30 June 2009	150.41	144.72

Results timetable

Wednesday, 25 August 2010	Ex-dividend date
Friday, 27 August 2010	Interim dividend record date
Thursday, 11 November 2010	November 2010 Interim Management Statement and Q3 2010 Production Report
Thursday, 7 October 2010	Interim dividend payment date
Wednesday, 2 February 2011	Q4 2010 Production Report
Wednesday, 23 March 2011	2010 Preliminary Results Announcement
Thursday, 12 May 2011	May 2011 Interim Management Statement and Q1 2011 Production Report
Wednesday, 8 June 2011	Annual General Meeting
Wednesday, 3 August 2011	Q2 2011 Production Report
Wednesday, 17 August 2011	2011 Half-year Results Announcement and Q2 2011 Production Report

All future dates are provisional and subject to change.

Dividends on ordinary shares

On 16 June 2010 the Company paid a final dividend for the year ended 31 December 2009 of US 6 cents per ordinary share.

The Directors of the Board have approved an interim dividend for the six months ended 30 June 2010 of US 12.5 cents per ordinary share in the Company, to be paid on Thursday, 7 October 2010 to all registered shareholders on the Register of Members at the close of business on 27 August 2010.

As the Group's financial results are reported in US dollars, the dividend will be declared and paid in US dollars. However, registered shareholders may elect to receive their dividend in British pounds instead. This will be based on an exchange rate of US$1.5674/£1 (being the rate published in the London *Financial Times* on 17 August 2010, the business day prior to announcement of the Company's Half Year Results for the period ended 30 June 2010).

Registered shareholders were sent a currency election form on or about 26 March 2009 for the final dividend for 2008. In the absence of further changes to the default payment currency, the Company does not propose sending further dividend mailings to registered shareholders. If shareholders wish to change their currency elections in the future, they should contact the Company's Registrar in advance of the dividend announcement date.